

Saturday Night

porary Affairs

JULY 22ND 1961

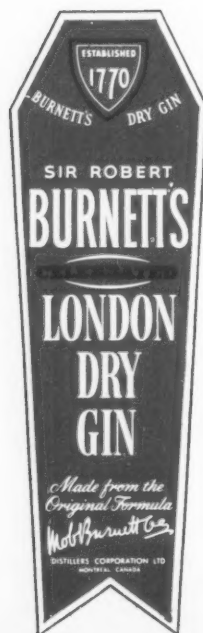
20 CENTS



Stratford: A Powerful Henry VIII



**GENTLEMEN
PREFER
BURNETT'S**



Saturday Night

VOL. 76 NO. 15

ESTABLISHED 1887

WHOLE NO. 3396

Editor:

Arnold Edinborough

Managing Editor:

Herbert McManus

Business Editor:

R. M. Baiden

Assistant Editor:

Alan Mercer

Contributing Editors: John A. Irving, Mary Lowrey Ross, Kenneth McNaught (International Affairs), John Gellner (Military Affairs), Edwin Copps (Vancouver), Anthony West (New York), Beverley Nichols (London), Raymond Spencer Rodgers (Ottawa)

ARTICLES

Power, Glory and Froth at Stratford

by Arnold Edinborough, 7

What the Coyne Affair Is All About

by R. M. Baiden, 11

Britain Joins The Common Market

by Donald Gordon, 18

France: A Nation Examines Its Conscience

by John Gellner, 21

DEPARTMENTS

Books, 27

Business Index, 31

Comment of the Day, 4

Crossword, 30

Gold & Dross, 32

Letters, 2

Ottawa Letter, 25

Point of View, 36

Television, 24

INSIDE STORY

THE COVER: Douglas Campbell as Henry VIII at Stratford.

Michael Langham's choice of plays for this year's Stratford, writes **Arnold Edinborough** in his annual review, is eccentric. There are three of them: *Coriolanus* — a tragedy in which only one person gets killed; *Love's Labour's Lost* — a comedy in which nobody gets married; *Henry VIII* — a history play in which there are no battles. All three plays are, therefore, unrepresentative Shakespeare. But they can, as he proceeds to show, be made worthwhile for a modern audience.

While the dismissal of **James E. Coyne**, controversial Governor of the Bank of Canada, has been inevitable, he may soon find his late antagonist sharing his fate. **Donald Fleming**, federal Minister of Finance, after a decent period, will probably find it necessary to resign his portfolio — if not his Cabinet appointment. But such incidents, dramatic as they are, hide the deeper importance of the Coyne controversy. SN Business Editor **R. M. Baiden** traces the history of the dispute and shows how it has operated to deflect Parliament from what should have been its prime concern — a full-scale inquiry into the problems of Canadian economic growth.

Britain has finally taken the big jump — to join the European Common Market — reports **Donald Gordon**, CBC correspondent in London. Announcement by Prime Minister **Macmillan** — woolly and hedged though his words may be — is expected shortly. Meanwhile, high-priced British help have been selected to visit and "explain" to Commonwealth members; in the Ottawa of British-oriented PM **Diefenbaker**, the job is going to be difficult. Gordon reports the pros and cons of the still raging argument.

For all its growing material prosperity **de Gaulle's** France is still, politically, a deeply troubled nation. **John Gellner**, SN contributing editor, has just conducted an on-the-spot examination. The latest revolt of the Algerian Generals has, he finds, struck very deeply at some long-held and deeply-cherished national ideals. De Gaulle is now obeyed because he is father, not because the country necessarily thinks that he knows best.

President and Publisher: Jack Kent Cooke; Vice-Presidents, Hal E. Cooke, Neil M. Watt, E. R. Milling; Circulation Manager, Arthur Phillips. Director of Advertising: Victor Allen. Branch Office, Suite 707, Drummond Building, 1117 St. Catherine St. West, Montreal. Representatives: New York, Donald Cooke, Inc., 666 Fifth Avenue; Chicago, Adrian Boylston, 520 South Prospect, Park Ridge, Ill.; Los Angeles, Lee F. O'Connell Co., 111 North La Cienega Blvd., Beverly Hills, Cal.; San Francisco, Theodore B. Hall, Lee F. O'Connell Co., 681 Market St.; London, Eng., Dennis W. Mayes Ltd., 69 Fleet St., E. C. 4. **Subscription Prices:** Canada \$4.00 one year; \$6.00 two years; \$8.00 three years; \$10.00 four years. Commonwealth countries and U.S.A. \$5.00 per year; all others \$6.00. Newsstand and single issues 20c. Authorized as second class mail, Post Office Department, Ottawa. Published every second Saturday by Consolidated Press Division, 73 Richmond St. West, Toronto 1, Canada.

PICTURE CREDITS: Cover, Peter Smith, Stratford; Pages 7, 8, 9, 10, Peter Smith; Pages 11, 12, 13, 14, 15, 16, Capital Press; Page 18, United Kingdom Information Service; Pages 21, 22, 23, Miller Services, Wide World; Page 24, Canadian Broadcasting Corporation; Page 27, Little-Brown; Page 31, Alan Mercer.

JULY 22nd 1961

Letters

For Action

On behalf of the London members of *Voice of Women* I wish to commend SATURDAY NIGHT for its excellent editorial of June 10 concerning Canada and the nuclear arms issue. The statement that "... the United States and Russia between them already have enough bombs to wipe us all out fifty times over" should, we hope, stir even the most politically apathetic Canadian to consider the necessity of a halt to such madness.

Those, however, who may not be disturbed by the threat of annihilation should be aroused by the fact that we have spent millions of dollars on defence forces and weapons, the control of which are ultimately out of Canada's hands!

The informative articles by Kenneth McNaught and F. F. Worthington concerning the arms race, survival and civil defence, provided our V.O.W. group with valuable material for our June meeting when they were reviewed by one of our members.

May SN continue its efforts to arouse public thought and action against the acquisition of nuclear weapons by Canada.

LONDON, ONT. MELBA MCEACHERN

Wise, Intelligent

We are renewing due to your intelligent editorial stand "No Nuclear Weapons for Canada" [SN June 10]. This is certainly a wise and important step which Canada can take to aid the cause of disarmament.

ISLINGTON, ONT. PETER CLARK

Biggest Thrill

I would like to call your attention to an advertisement, for a nuclear Polaris submarine kit for young people, on the back cover of *Science News Letter*, Feb. 25, 1961 (Vol. 79 No. 8). Among other statements there is the following:

"And for the biggest thrill of all, you'll stalk the 'enemy' in the newest and mightiest submarine of all, the missile-firing 'George Washington'! You'll stand breathless at the command to launch the Polaris missile ... cheer as it lands on target 1,200 miles away!" (punctuation and italics not mine).

As you probably know the Polaris missile is rated at half a million tons of TNT equivalent — 25 times as powerful as the Hiroshima bomb.

VICTORIA JOHN A. CHAPMAN

The Young Mothers

I would like to express my sincere appreciation of the issue of SATURDAY NIGHT of June 10 and the very informative articles on nuclear arms. "Canada Must Not Accept Nuclear Arms."

Last night (June 13) I watched *Close Up* on TV and was appalled at the ignorance displayed by Canadian citizens on this subject. I got the impression it must be stink bombs that were being discussed.

The Minister of Defence conjured up armies, facing each other, and maintained Canadian boys should have the best in nuclear weapons, presumably to toss at the Russians.

No one mentioned that besides being well equipped with nuclear arms, the Russians also are well provided with bomb proof shelters and every male over 15 and female over 18 is compelled to engage in survival drill.

As an example of blissful ignorance, most of the young mothers interrogated had never given the question of nuclear weapons a thought, though their arms supported babies that looked well worth saving. Some shrugged the whole thing off as though being unaware that the franchise for women was either a privilege or a responsibility. They figure politics, like looking after the garbage, is for men.

In a brighter vein I viewed the school girls and boys, they seemed a little more aware of the precarious world in which we live.

Today I returned to reading SATURDAY NIGHT and must say "Thank you very much."

VANCOUVER (MRS.) R. STEWART,

Both Sides

For several years I have subscribed to, and enjoyed SATURDAY NIGHT. The purpose of this note is to lodge my protest against your two most recent issues.

First, I refer to your June 10 issue in which the main literary concept is

the policy of protesting the acquisition of nuclear weapons in Canada. As a human being, and, a citizen opposed to these bombs on a moral basis your opinions appeared reasonable to me. With this in mind I forwarded a written protest to our Minister of Defence.

The contentious point in my mind is your issue of June 24. I take the liberty to quote from the article by Raymond Rodgers: "the real threat to security in this country is not found in groups of loud-mouthed hot-heads ... as pointed out before, the really dangerous security-risks will not be found parading in protest groups."

I argue, sir, that June 10 issue gave me the impression you were opposed to mass human slaughter, yet the June 24 issue implies anyone who protests is a security risk. Perhaps your idea is expression of both sides of this issue.

My point is this, I have resolved not to become emotionally involved again in any present day issue in this infringement upon freedom of expression.

WINNIPEG N. E. STANGER

Against Sin

The article by Donald Gordon "Britain Is Against Sin" surely must have slipped into SATURDAY NIGHT's June 24 edition by mistake. The mentality expressed by its author would best be reserved for papers such as *Midnight* in Montreal or *Flash* in Toronto.

Up till now I thought SN would not devote two full pages to an article ridiculing those who hope to see children grow up to become healthy adults, healthy both in body and in mind. As to the gaiety he is going to miss by not seeing women and often children exposed to the most humiliating situations — I prefer not to comment on it.

Enough has been written on this subject and the price, the real price for this gaiety — behind the scenes — is too well known to all those who have a heart or a brain or both. It does not seem to be of any interest to Donald Gordon.

Gloomy decade without such "adult entertainment"? This is like saying that we Montrealers are going to starve because we will not be able to feed ourselves on goofballs as freely as in the happy past.

No sane person would want to return to the terror of the 18th century puritans, but no sane person would write with scorn about the attempts of modern society to keep its various psychopaths under control.

It is regrettable indeed that the CBC employs as correspondents people who show as little sense of public responsibility as Donald Gordon has shown in this article.

MONTREAL ILONA KERNER, MD

Licentious Exports

I was pleased to learn from Donald Gordon's article "Gloomy Outlook, Britain Against Sin", that the solid good sense and good taste of the British people had risen at last against the present reign of licentiousness.

The British stage (which includes films), is now as licentious and immoral as in the Restoration period, but minus the wit and polish which characterized those plays. Moreover the case is worse now because a vastly wider audience is affected. Sir Saville Garner and Vice President Lyndon Johnson have both expressed alarm at the very unfortunate image which our civilization projects abroad in its films and books, the cheapness, sordidness, luxury and materialism, flaunting of sex, glamorizing of prostitutes, criminals and gangsters as if they were memorable heroes.

We are engaged in a life and death struggle with Russia for the uncommitted countries of the world, and Russia exports only books which are classics and films which extol the virtues of hard work and devotion to country or rehearse the glories of their historic heroes, not sagas of crime and juvenile delinquency.

Donald Gordon equates this moral renaissance in Britain with gloom, but what could be gloomier, more depressing, more eloquent of decadence than beatniks, existentialists, the plays of Beckett and Tennessee Williams, for example? May the sturdy virtues of the British middle class which made Britain great, rise again and sweep this tide of pornography, despair and decadence away; then we shall see how crime waves and juvenile delinquency will disappear as a result of a healthier moral atmosphere.

VANCOUVER R. C. HALL

Leasing Practice

Businessmen considering leasing of equipment or real property for the first time may be confused by some of the information in an otherwise excellent article [SN June 24].

First, there is a marked difference in function and operation between those companies in the equipment leasing business and the comparatively few companies like ourselves in the realty investment business. Real property, whether it is an industrial building, an office building or a store property, is a long term investment with minimum lease terms of 20 years generally accepted.

Yields to investors in real property that is leased back to corporations are customarily somewhat higher than an equivalent rate for that corporation's bond. Since realty financing of this kind usually represents 100 per cent of cost, the higher yield compensates for the lack of liquidity which is inherent in a real estate investment. Conventional mortgages represent only a portion of total cost.

SATURDAY NIGHT implied that realty investment companies supplying lease back financing customarily ask for the equivalent of one or more month's rent for each year of the lease to be paid in advance. Where satisfactory credit is involved, this has not been and is not the practice.

Tankoos Yarmon Ltd. is not a "new leasing company" as stated in the article. As the largest private company in this field in Canada, we have supplied more than \$75 million in lease-back funds to Canadian industry in the last eight years.

Tankoos ELLIOT N. YARMON
Yarmon Ltd., TORONTO PRESIDENT

Overlooked Field

A surprising omission in Harry McDougall's article on leasing [SN June 24] was any reference to one of the oldest and largest leasing operations in North America: the leasing of railway tank cars to shippers. Companies leasing these cars have been in existence since 1932 in Canada and since early in the century in the United States.

Today, practically all companies in Canada who use tank cars find it more advantageous to lease cars than to own them. No more than three per cent of the tank cars in use in this country are owned by shippers.

The reasons for this relate to companies wishing to invest in their own business and not in ancillary services they require; leasing is more flexible and provides a shorter term commitment for their often changing needs; the tank cars are repaired and maintained by the lessor for much less than it would cost each individual shipper. For these and many other reasons, shippers enjoy greater economy, flexibility and service through leasing.

We felt this field of leasing might interest readers who enjoyed McDougall's otherwise comprehensive survey.

Product Tank Line PAUL THOMPSON
of Canada, Ltd. Manager — Public
TORONTO Relations

Foresight

Congratulations to SN for the calibre of its articles on politics and finance. I have just finished re-reading your issue of April 30, 1960 in which you predicted the current Coyne versus Fleming squabble and asked if the government was doing all it could to help the country.

Your article, written 14 months ago, also advocated purchase of U.S. dollars to reduce the unreal and troublesome premium which the Canadian dollar then had and which hindered our exports so much. Yesterday the government finally did this — just 14 months late.

My congratulations to SATURDAY NIGHT.

MONTREAL BERT HARDY

Fringes and Taxes

There is increasing awareness that fringe benefits are non-taxable remuneration. This was brought home to the writer, a 63-year-old non-participating employee, by an item in the budget whereby an employer may charge as an operating expense a contribution to a new (savings) profit sharing plan, an amount which, when added to his contribution, if any, under a registered pension plan does not exceed \$1,500 per employee.

This means that the government is willing to forfeit \$750 in corporation tax per year, and I suppose we consumers pay the other half.

Further, the employee's payment of personal income tax on the above \$1500 (plus his own pension contribution) is not required until he receives his returns from the pension and savings plans. Thus our government loans the employee the amount of the deferred income tax without interest.

This analysis applies in part to other fringe benefits.

HANOVER, ONT. JOHN GILBERT

Remedial Measure

It looks as though Raymond Barbeau [SN June 24] is another "very little Hitler" who needs his bottom spanked for playing with matches — before he gives too many good and peace-loving *Canadiens* a bad case of heartburn.

HUDSON HEIGHTS, P.Q. MAE HODGES

Comment of the Day

Fact and Fantasy

WE HOPE THAT not too many readers of *Time* magazine will accept without question the statements published in a special insert in the so-called Canadian edition for June 30th.

In this address to the reader, Lawrence Laybourne, the managing director of Time International of Canada, claims that the O'Leary Commission Report recommendations, if adopted, "would require coinage of a new term to place alongside 'expropriation' and 'confiscation', for their effect would be to deprive *Time*, virtually without notice and certainly without compensation, of an equity valued at more than \$10 million developed over the 18 years that *Time* Canada has been published."

Why *Time* would be deprived of its circulation in Canada we cannot see. There is no reason at all why people on the Canadian circulation list of *Time* should not receive copies of the parent magazine. The American edition of its stablemate *Life* comes in regularly. The only difference which the implementation of the O'Leary Report would require is that the advertising pages now obtained in Canada to keep American editorial articles apart would have to come, not from Canadian firms, but from the same international firms which now advertise in all other international editions of *Time* except the Canadian one.

And that figure of \$10 million interests us. In the report itself, where audited figures appear rather than the argumentative and hypothetical ones of the insert, *Time's* stake in Canada is not nearly so big. "The company (Time International of Canada Limited)" says the report, "has an issued and outstanding capital stock of \$100,000 and a tangible net worth at 31st December, 1959 of \$2,283,017. It has little invested in fixed assets".

As for the suggestion that action on the O'Leary Commission would come as a surprise to *Time* — that is ludicrous. The problem faced by domestic publications is so menacing (and has so deteriorated recently) that there have been constant attempts to do something about it any time in the past five years. Both major political parties have been concerned about it. And if the Conservatives take positive action now, as the

Liberals did before them, then the last thing *Time* can claim is that it was not warned that its dumping operation would one day be legitimately stopped.

Readers of the insert might also be impressed by the fact that some newspapers in Canada have come out on *Time's* side. The group includes, however, as the alert reader might recognise, papers which are scarcely unbiased. There is a free-trade-forever farmers paper — the *Winnipeg Free Press*; the *Toronto Telegram*, which naturally op-

I Shake in Vain

("Decidedly hot and humid." —
Weather forecast.)

ALL MY FAITH in salt-containers
Now is utterly destroyed.
Either it's the humid weather,
Holes too small, or cellar's void.

Stuff that screams for salty flavor,
Celery, potatoes, steak,
Finds the irritating cellar
Unresponsive to the shake.

We have five-and-twenty shakers
Shaped by Swede and Jap and Balt;
Some were cheap and some expensive —
Not a one produces salt.

VIC

poses the report since the *Star Weekly* might gain from it (and what is good for *The Star* in Toronto is automatically bad for *The Telegram*); the *Victoria Times*, whose publisher was once a top *Time* man; and the *Globe and Mail*, which is clearly apprehensive about its own weekly magazine which is, according to its masthead, published from Room 1288, 33 West 42nd Street, New York. [This protects its liquor advertising.]

These papers all, therefore, have their own special axe to grind. Apart from these, there are many more papers against *Time*. The fact is that the majority of Canadian newspapers are in favor of the O'Leary Report.

We can only hope that anyone who is seriously concerned with this publication problem will not take *Time's* word as gospel. Nor ours for that matter. Let him read the report itself. For the report spells out the complete financial operations of all magazines in

Canada (including *Time*), shows how serious the problem is here, and also points out that other countries (especially in Europe) which have the same problem on a much smaller scale, already have taken governmental action to solve it.

The story which emerges from the report is scarcely recognisable in the deliberately perverted and distorted statements about it made in *Time's* insert by Mr. Laybourne.

No Joint Account

THE UNEMPLOYMENT insurance fund is now so low that if unemployment is as high next winter as it was last it will not be able to meet its obligations. The Royal Commission on Finance called for in the budget will, if it is like any other Royal Commission, not have any suggestions to offer in time. There must, therefore, be a quick appraisal by the Departments of Labor, of Health and Welfare and of Finance to see what can be done to stave off disaster.

Everyone agrees that the breadwinner of a family must be given sufficient support if, through no fault of his own, he is out of a job. And in our present urban society it is not possible for everyone laid off by factories and other industrial plants to find work no matter how full of initiative the man without his usual job may be. The unemployment insurance fund is there to give that support.

But we have a strong feeling that the unemployment insurance fund has been used as a pin-money fund by a lot of women who are not breadwinners and who are not keen to get work again once they have paid up their minimum contributions to get benefits.

Our feeling is strengthened by the Senate Committee Report on Manpower and Employment which states: "last September there were some 76,200 married women claiming insurance benefits, yet at the same time only 15,000 of them considered themselves unemployed when questioned by the Dominion Bureau of Statistics — 61,200 told enumerators they were actually housewives."

One way in which action can be taken quickly would be to have a departmental regulation which would make it possible for only one person of

each married couple to contribute to, and benefit from, the fund. We needn't bother which of the two persons it should be; each husband and wife can work that out for themselves.

But it is obviously wrong that funds which are needed to support breadwinners should be put in jeopardy by the greed and irresponsibility of people merely looking for a government hand-out or by women looking for an extra dress allowance.

Criminal Code

THE GOVERNMENT bill to tighten up the Criminal Code which has been introduced in the Commons contains at least one cruel joker. We refer to the fact that, unless amended, the new provisions will make it obligatory for a court to consider imposing indeterminate detention on any person guilty of an offence or attempt under Section 149.

At first glance, this seems reasonable, since Section 149 deals with "gross indecency" in sexual matters. Unfortunately, the old interpretation of "gross indecency" remains — and that interpretation is as outdated as the dodo.

Offences against Section 149 are held to apply even in the case of consenting spouses, yet researchers such as Kinsey has shown that about half the adult population has "offended" at least once in their married lives. Fortunately, these "offences" only come to light in the rare, extremely vindictive divorce case.

We suggest that the House of Commons take another look at the "natural moral law" bias which seems to prevail in the Criminal Code (not to mention the Justice Department).

Holes in the Ground

THE ALICE IN WONDERLAND approach to civil defence still exists in Ottawa. A press release issued late last month from the office of the Prime Minister announced that "tenders are being called for the construction of wartime emergency sites for government in Manitoba and Nova Scotia . . . Defence Construction Limited will call for tenders."

British Columbia, Alberta, Ontario, Quebec, New Brunswick and Prince Edward Island already have sites chosen for these emergency centres which "are designed to provide an operational capability for the small group of Federal Defence and Army personnel who would direct emergency measures within the Provinces." A further purpose of these centres is to see that "communications can be reasonably as-

sured and [that] necessary information and instruction to local communities and general population can be given."

We wonder if anyone has ever totalled up the amount which this Government has spent on early warning lines, federal operational centres and a network of communications which have no people to serve. A warning now from any of the three lines would not be communicated to the Canadian people at large because there is no overall set-up by which to do this. Even those cities which have warning sirens found (during exercises Tocsin II) that they are not always in working order.

As for emergency services at the municipal level they are virtually non-existent in any of the larger metropolitan centres. Nor have we heard any confirmation that any provincial government is really concerned about this.

As for the man in the street, that is exactly where he will be. Mr. Diefenbaker and his cabinet can go to ground; so can a small number of federal civil servants. But 18 million of us will be without shelter, either public or private, and if a bomb drops will not give a hoot what orders proceed from Ottawa, Gagetown or Petawawa. For there is as yet no electronic communication, so far as we know, beyond the grave. And even DRB is not working on this particular problem.

Self-Kick in the Pants

CANADIANS are often accused, these days, of having a somewhat too-sharp tongue when examining the so-called shortcomings of our neighbors to the south. But for self-analysis at its bitterest U.S. publications far outdo anything outside their borders.

For example, these paragraphs which appeared recently in *The Village Voice* of New York:

"We are victims of our passionate worship of the status quo and our unshakable belief that foremost among man's rights is the right to exploit his fellow man (we call it the Free Enterprise system; see G. E.—'Progress Is Our Most Important Product')."

"And most of us have the Rotarian's faith in the sanctity of private property, a sanctity that is certain to be torn, raped, and ravaged before our eyes by peoples who believe somehow that their lives are worth more than the investments of United Fruit."

"We keep shouting about democracy, but it will survive only if its product is superior to that produced by Communism, and at this moment in history there is some question in the rest of the world, if not here, that the product of American democracy is indeed superior."



Canada's First Quantity Token Issue...



To augment the short supply of currency in Lower Canada, penny and half-

penny tokens were issued during the first half of the nineteenth century. The most famous are the rare Side View tokens issued by the Bank of Montreal in 1838 and 1839. They show the front and side view of the bank's original head-office building in Montreal. A Side View penny today is worth about \$75.

Canada's First Real Money

Canada's first real money, in the form of bank notes, was issued by the Bank of Montreal—Canada's first bank—when it opened its doors for business on November 3, 1817. Later, the bank provided copper coinage. With the passing of the Currency Act in 1841, B of M coins became recognized legal tender of Canada.



BANK OF MONTREAL
Canada's First Bank

SD-275

Comment of the Day

Fact and Fantasy

WE HOPE THAT not too many readers of *Time* magazine will accept without question the statements published in a special insert in the so-called Canadian edition for June 30th.

In this address to the reader, Lawrence Laybourne, the managing director of Time International of Canada, claims that the O'Leary Commission Report recommendations, if adopted, "would require coinage of a new term to place alongside 'expropriation' and 'confiscation', for their effect would be to deprive *Time*, virtually without notice and certainly without compensation, of an equity valued at more than \$10 million developed over the 18 years that *Time* Canada has been published."

Why *Time* would be deprived of its circulation in Canada we cannot see. There is no reason at all why people on the Canadian circulation list of *Time* should not receive copies of the parent magazine. The American edition of its stablemate *Life* comes in regularly. The only difference which the implementation of the O'Leary Report would require is that the advertising pages now obtained in Canada to keep American editorial articles apart would have to come, not from Canadian firms, but from the same international firms which now advertise in all other international editions of *Time* except the Canadian one.

And that figure of \$10 million interests us. In the report itself, where audited figures appear rather than the argumentative and hypothetical ones of the insert, *Time's* stake in Canada is not nearly so big. "The company (Time International of Canada Limited)" says the report, "has an issued and outstanding capital stock of \$100,000 and a tangible net worth at 31st December, 1959 of \$2,283,017. It has little invested in fixed assets".

As for the suggestion that action on the O'Leary Commission would come as a surprise to *Time* — that is ludicrous. The problem faced by domestic publications is so menacing (and has so deteriorated recently) that there have been constant attempts to do something about it any time in the past five years. Both major political parties have been concerned about it. And if the Conservatives take positive action now, as the

Liberals did before them, then the last thing *Time* can claim is that it was not warned that its dumping operation would one day be legitimately stopped.

Readers of the insert might also be impressed by the fact that some newspapers in Canada have come out on *Time's* side. The group includes, however, as the alert reader might recognise, papers which are scarcely unbiased. There is a free-trade-forever farmers paper — the *Winnipeg Free Press*; the *Toronto Telegram*, which naturally op-

I Shake in Vain

("Decidedly hot and humid." —
Weather forecast.)

ALL MY FAITH in salt-containers
Now is utterly destroyed.
Either it's the humid weather,
Holes too small, or cellar's void.

Stuff that screams for salty flavor,
Celery, potatoes, steak,
Finds the irritating cellar
Unresponsive to the shake.

We have five-and-twenty shakers
Shaped by Swede and Jap and Balt;
Some were cheap and some expensive —
Not a one produces salt.

VIC

poses the report since the *Star Weekly* might gain from it (and what is good for *The Star* in Toronto is automatically bad for *The Telegram*); the *Victoria Times*, whose publisher was once a top *Time* man; and the *Globe and Mail*, which is clearly apprehensive about its own weekly magazine which is, according to its masthead, published from Room 1288, 33 West 42nd Street, New York. [This protects its liquor advertising.]

These papers all, therefore, have their own special axe to grind. Apart from these, there are many more papers against *Time*. The fact is that the majority of Canadian newspapers are in favor of the O'Leary Report.

We can only hope that anyone who is seriously concerned with this publication problem will not take *Time's* word as gospel. Nor ours for that matter. Let him read the report itself. For the report spells out the complete financial operations of all magazines in

Canada (including *Time*), shows how serious the problem is here, and also points out that other countries (especially in Europe) which have the same problem on a much smaller scale, already have taken governmental action to solve it.

The story which emerges from the report is scarcely recognisable in the deliberately perverted and distorted statements about it made in *Time's* insert by Mr. Laybourne.

No Joint Account

THE UNEMPLOYMENT insurance fund is now so low that if unemployment is as high next winter as it was last it will not be able to meet its obligations. The Royal Commission on Finance called for in the budget will, if it is like any other Royal Commission, not have any suggestions to offer in time. There must, therefore, be a quick appraisal by the Departments of Labor, of Health and Welfare and of Finance to see what can be done to stave off disaster.

Everyone agrees that the breadwinner of a family must be given sufficient support if, through no fault of his own, he is out of a job. And in our present urban society it is not possible for everyone laid off by factories and other industrial plants to find work no matter how full of initiative the man without his usual job may be. The unemployment insurance fund is there to give that support.

But we have a strong feeling that the unemployment insurance fund has been used as a pin-money fund by a lot of women who are not breadwinners and who are not keen to get work again once they have paid up their minimum contributions to get benefits.

Our feeling is strengthened by the Senate Committee Report on Manpower and Employment which states: "last September there were some 76,200 married women claiming insurance benefits, yet at the same time only 15,000 of them considered themselves unemployed when questioned by the Dominion Bureau of Statistics — 61,200 told enumerators they were actually housewives."

One way in which action can be taken quickly would be to have a departmental regulation which would make it possible for only one person of

each married couple to contribute to, and benefit from, the fund. We needn't bother which of the two persons it should be; each husband and wife can work that out for themselves.

But it is obviously wrong that funds which are needed to support breadwinners should be put in jeopardy by the greed and irresponsibility of people merely looking for a government hand-out or by women looking for an extra dress allowance.

Criminal Code

THE GOVERNMENT bill to tighten up the Criminal Code which has been introduced in the Commons contains at least one cruel joker. We refer to the fact that, unless amended, the new provisions will make it obligatory for a court to consider imposing indeterminate detention on any person guilty of an offence or attempt under Section 149.

At first glance, this seems reasonable, since Section 149 deals with "gross indecency" in sexual matters. Unfortunately, the old interpretation of "gross indecency" remains — and that interpretation is as outdated as the dodo.

Offences against Section 149 are held to apply even in the case of consenting spouses, yet researchers such as Kinsey has shown that about half the adult population has "offended" at least once in their married lives. Fortunately, these "offences" only come to light in the rare, extremely vindictive divorce case.

We suggest that the House of Commons take another look at the "natural moral law" bias which seems to prevail in the Criminal Code (not to mention the Justice Department).

Holes in the Ground

THE ALICE IN WONDERLAND approach to civil defence still exists in Ottawa. A press release issued late last month from the office of the Prime Minister announced that "tenders are being called for the construction of wartime emergency sites for government in Manitoba and Nova Scotia . . . Defence Construction Limited will call for tenders."

British Columbia, Alberta, Ontario, Quebec, New Brunswick and Prince Edward Island already have sites chosen for these emergency centres which "are designed to provide an operational capability for the small group of Federal Defence and Army personnel who would direct emergency measures within the Provinces." A further purpose of these centres is to see that "communications can be reasonably as-

sured and [that] necessary information and instruction to local communities and general population can be given."

We wonder if anyone has ever totalled up the amount which this Government has spent on early warning lines, federal operational centres and a network of communications which have no people to serve. A warning now from any of the three lines would not be communicated to the Canadian people at large because there is no overall set-up by which to do this. Even those cities which have warning sirens found (during exercises Tocsin II) that they are not always in working order.

As for emergency services at the municipal level they are virtually non-existent in any of the larger metropolitan centres. Nor have we heard any confirmation that any provincial government is really concerned about this.

As for the man in the street, that is exactly where he will be. Mr. Diefenbaker and his cabinet can go to ground; so can a small number of federal civil servants. But 18 million of us will be without shelter, either public or private, and if a bomb drops will not give a hoot what orders proceed from Ottawa, Gagetown or Petawawa. For there is as yet no electronic communication, so far as we know, beyond the grave. And even DRB is not working on this particular problem.

Self-Kick in the Pants

CANADIANS are often accused, these days, of having a somewhat too-sharp tongue when examining the so-called shortcomings of our neighbors to the south. But for self-analysis at its bitterest U.S. publications far outdo anything outside their borders.

For example, these paragraphs which appeared recently in *The Village Voice* of New York:

"We are victims of our passionate worship of the status quo and our unshakable belief that foremost among man's rights is the right to exploit his fellow man (we call it the Free Enterprise system; see G. E.—'Progress Is Our Most Important Product')."

"And most of us have the Rotarian's faith in the sanctity of private property, a sanctity that is certain to be torn, raped, and ravaged before our eyes by peoples who believe somehow that their lives are worth more than the investments of United Fruit."

"We keep shouting about democracy, but it will survive only if its product is superior to that produced by Communism, and at this moment in history there is some question in the rest of the world, if not here, that the product of American democracy is indeed superior."



Canada's First Quantity Token Issue...



To augment the short supply of currency in Lower Canada, penny and half-

penny tokens were issued during the first half of the nineteenth century. The most famous are the rare Side View tokens issued by the Bank of Montreal in 1838 and 1839. They show the front and side view of the bank's original head-office building in Montreal. A Side View penny today is worth about \$75.

Canada's First Real Money

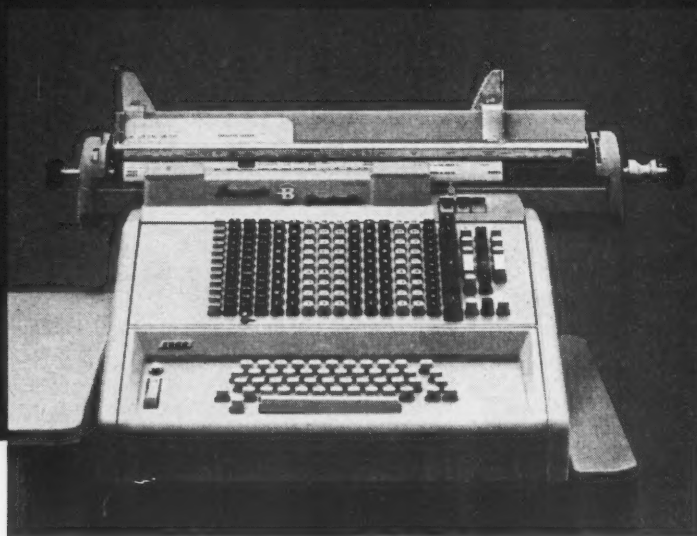
Canada's first real money, in the form of bank notes, was issued by the Bank of Montreal—Canada's first bank—when it opened its doors for business on November 3, 1817. Later, the bank provided copper coinage. With the passing of the Currency Act in 1841, B of M coins became recognized legal tender of Canada.



BANK OF MONTREAL
Canada's First Bank

SD-273

At Automobiles Renault Canada Ltd.



Burroughs typing accounting machines save over \$7,200 a year

The company: Automobiles Renault Canada Ltd., with 225 dealers across Canada, and home offices in Montreal, Quebec. **The equipment:** Two Burroughs F 1500 Typing Accounting Machines—one in the Montreal office and one in the Toronto office. **The jobs:** Accounts receivable, accounts payable on voucher plan, payroll, and sales distribution, including preparation of five sales journals. **The results,** says Assistant Administrative Secretary M. Myrand: "The Burroughs machine in Montreal alone is saving us between \$600 and \$650 per month in clerical help. At that rate, it's paying for itself every 12 to 15 months—and giving us greater speed and accuracy as well. It also expedites analyzation of individual accounts and preparation of management control data."

Burroughs—TM

Join the many successful businesses helped to new accounting efficiency by Burroughs. Whatever your problem, our representatives have the experience and capabilities in systems analysis to help you solve it. And we have the equipment you'll need—everything from accounting machines to electronic computer systems. Call our branch. Or write Burroughs Business Machines Ltd., Toronto, Ontario.

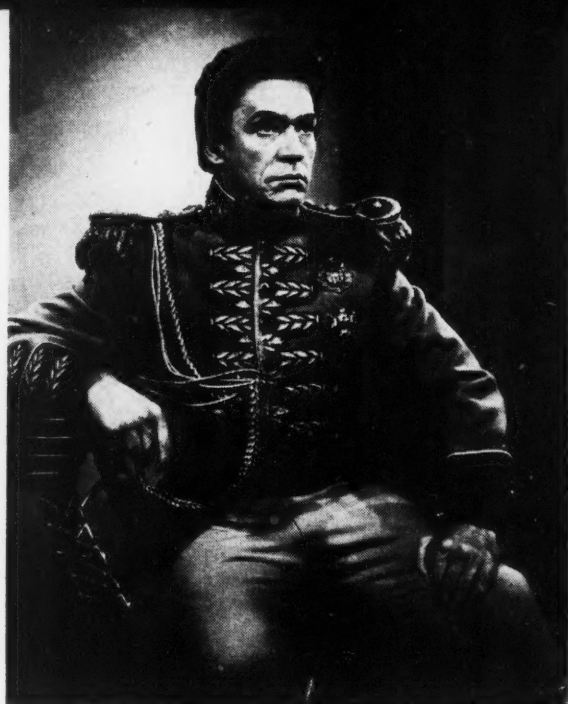


**Burroughs
Business Machines
Ltd.**

"NEW DIMENSIONS / in electronics and data processing systems"

Unrepresentative Shakespeare:

Power,



Paul Scofield journeyed from England to take the difficult role of angry young Coriolanus.

Glory



Bruno Gerussi, Douglas Campbell, Christine Bennett and Dinah Christie appear in gilded version of "Henry VIII".

and Froth at Stratford

by Arnold Edinborough



Stylistic satire of "Love's Labour's Lost" is the acknowledged triumph of this season's Festival.



One of most effective scenes in "Henry VIII" in terms of staging was that at left. Right, Campbell, Gerussi, Rain.

MICHAEL LANGHAM's choice of plays for this year's Stratford is eccentric. There are three of them: *Coriolanus* — a tragedy in which only one person gets killed; *Love's Labour's Lost*—a comedy in which nobody gets married; *Henry VIII*—a history play in which there are no battles. All three plays are, therefore, unrepresentative Shakespeare. Not one of the three is well known and even scholars find *Love's Labour's Lost*, with its bristling topical allusions, baffling.

This is not to say that the plays are not worth doing. With the exception of the *Henry VI* plays and one or two equally early apprentice pieces all Shakespeare's plays have something in them and can, as the Old Vic and the English Stratford have shown, be made worthwhile for a modern audience.

Coriolanus is a political play. It concerns itself almost entirely with a clash between a decadent aristocracy and an illiterate, easily manipulated mob, which, however, has real grievances to redress.

No one in this century can read it without applying it to the contemporary ferment about colonialism. *Coriolanus* and Menenius, like any colonial officials, are people who are convinced that they must rule, that they are the only people who know how to rule and that anyone who opposes them is either a dishonest self-seeker or an irresponsible rabble-rouser, or both.

This is dramatic stuff and *Coriolanus* in these terms is a dramatic play. But Michael Langham as director chose to deal with it deliberately as being *not* a political play. In his note on *Coriolanus* in the program he says:

"It is our belief that the political aspect of the play, intriguing though it may be, is quite secondary. Against a background of political unrest and intrigue, of subtle diplomatic deceit and compromise, Shakespeare has created an angry young man, a soldier proudly determined to be true to himself, whose rigid code of honor utterly forbids him to indulge in any deceit or flattery or to compromise on any score."

This means that the character of *Coriolanus* himself has to carry the whole of the play. But Shakespeare's creation of the character is not, to my mind, sufficient for this. For a great general, he defects to the other side too easily. In the last act, *Coriolanus*' acceptance of his mother's pleas is too sudden a wrench from his previous actions. (He does, in fact, compromise). And the final killing of *Coriolanus* by Aufidius is certainly as much political as it is personal.

However, because this is a play of Shakespeare's maturity, the other characters, however minor, are exceptionally well drawn and Langham's attitude, given the company which Stratford can now command, did produce a highly intelligent and interesting performance.

The whole play was transported from ancient Rome to revolutionary France. Tanya Moiseiwitsch was able, therefore, to dress her Senators in elaborately frogged uniforms, with orders and sashes. Though some of the audience resented this, I thought it helped enormously. Menenius is prosy enough in breeches and frock coat—he is insupportable in a toga.

The only jarring moment was at the end when *Coriolanus* was shot in the back. This, with all its connotations of modern gangsterism, was not only wildly anachronistic but was not even congruous with Aufidius' delight in sword play.

The second thing which made *Coriolanus*, even on the first night, memorable, was its pace. Reading the play is a slow process because its language is dense and compact. One might expect, therefore, a rather slow performance.

But because Langham had drilled his actors well; because he did, in the mob scenes, build tension convincingly, the play seemed to gallop along. And what a joy it was at Stratford to have a battle done symbolically (choreographed by Alan Lund), instead of with swirling banners and characters rushing all over the stage and half over the audience.

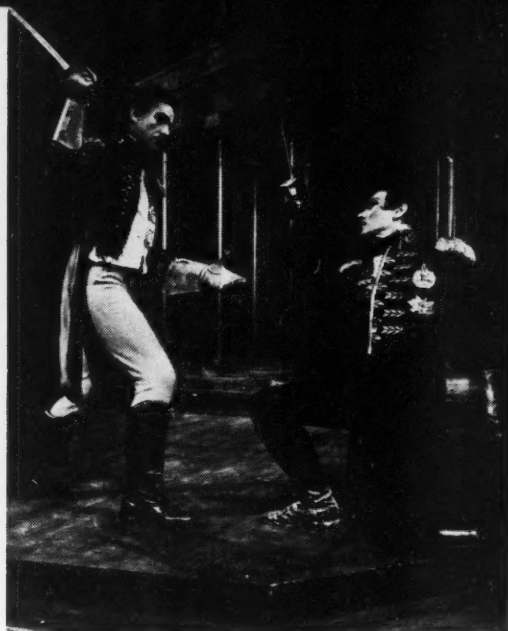
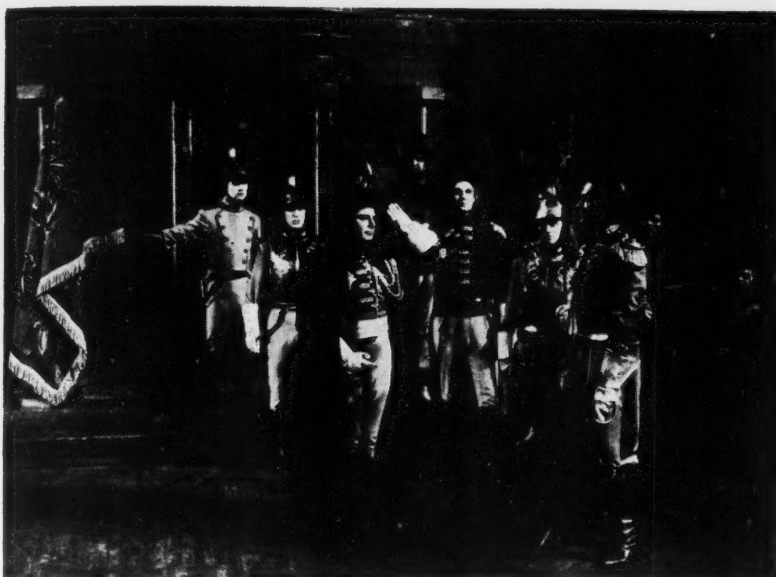
Paul Scofield came over from England to do the difficult part of *Coriolanus*. He is a skilled actor with a deep resonant voice. But the voice has tricks, both of pronunciation and pitch, which take a little getting used to. Also, he seemed a little too stagey, a little too concerned with technique and not enough with the building of character, particularly when the onus had been put on him so directly.

Judging from the first night's view one would say that he was only competent for the role. But he is a much better than competent actor and he will doubtless develop into a formidable *Coriolanus* before the end of the season.

As Menenius, Douglas Campbell showed remarkable control and never stepped out of character once. He was



Pat Galloway as Anne Boleyn, Douglas Campbell as King Henry VIII.



Sparkling pace of "Coriolanus" causes play to gallop along. Paul Scofield with Goodier (L) and Collicos (R).

elder statesman, patrician, family friend and fussy old man, all at the same time. At the end of the play one felt more pity for him when he was rebuffed by Coriolanus than one did for Coriolanus himself when he was attacked by Aufidius.

John Colicos did well with the curious figure of Aufidius and proved a good addition to the Stratford company. He is apt to speak rather quickly but his grasp of the character is good, and he looked a sinister, hotblooded opportunist from start to finish.

The women of this play have a large role. Volumnia is Shakespeare's attempt to create a Roman matron who puts Rome before her family and honor before all. Eleanor Stuart made her not only credible, but a person for whom one also felt sympathy (sympathy which, of course, Volumnia would reject instantly). Her pleading with her son to spare Rome was most moving, her costume and makeup sharply underlining the wreckage of her fortunes.

To set her off, Virgilia is drawn as a fearful, rather birdbrained young wife who is too often played as a mere milk-sop. But Michael Learned gave the character depth by insisting on her decision to stay home against the commands of Volumnia and the twittering urging of Valeria, brightly played by Pat Galloway.

The two tribunes of the people, Sicinius Velutus and Junius Brutus, suffered from the director's conviction that this was not a political play. The result was that both Bernard Behrens as Sicinius and Bruno Gerussi as Junius Brutus were made vindictive, narrow-minded bigots rather than the power-hungry, embittered, old-style trade unionists that they really are.

It is part of the quality of Stratford

generally that the tiny scene between Nicanor and Adrian — two spies — can be done by such skilled and experienced people as Jack Creley and Eric Christmas. But such prodigal use of talent gave the audience a proper breathing space between two "heavy" scenes — and showed the attention to detail which marked the whole production.

In *Henry VIII* we move from the politics of Rome — brass versus grass — to the politics of Shakespeare's own day — the sun-king and the court gilded by his beams. As the prologue, spoken by Eric Christmas, made clear, this is intended by Shakespeare to be a slice of political life.

He doesn't try to draw a moral, nor does he try to prove a theory. He is merely concerned with the ebb and flow of authority and the effects on different men which the exercise of that authority brings. *Henry VIII* is, indeed, a series of dramatic vignettes with political overtones.

First there is the fall from grace of the Duke of Buckingham who has tried to get the King's power for himself. This, as any monarchist like Shakespeare knew, is not only wrong, but it strikes at the very basis of order itself. Buckingham, though a man of charm and capacity, must die. This is the one sin which is, by its very nature, unforgivable.

Unfortunately Jack Creley was not up to this role and showed a deficiency of classical technique which rendered his great final speech either inaudible or unintelligible.

After the fall of Buckingham comes the fall of Queen Katharine. Katharine again must go because by this time she has demonstrated that she is incapable of fulfilling the major function of a Queen — the production of a male

heir. Since she cannot do this, it does not matter that she is a loyal subject, a loving wife and a regal woman: she is inadequate. And Queens may not be inadequate in a primitive monarchy intent on securing dynastic control.

Unfortunately Kate Reid was as inadequate for her role as, in a different sense, Queen Katharine was for hers. Miss Reid has presence and a certain limited technical range, but she has no concept of queenliness and a voice which merely quacks poetry. She therefore never completely engaged our sympathies, (though her trial scene was lively) and she was an embarrassingly long time a'dying.

The fall of Katharine is succeeded by the fall of Wolsey. But his is a fall which he deliberately invokes himself by serving his King with more zeal



In role of Holofernes, Jack Creley brought to "Love's Labour's Lost" the comedy talent for which he is noted.

than he serves his God. Douglas Rain in splendid scarlet showed the pride, the lust and the moral ambivalence of this character beautifully. Giving a rich rounded performance, he proved his skill in his final speech where he not only seemed to suffer a conversion into the holy man which he should all along have been, but could project this inner struggle and triumph directly at the audience.

After all the falls, there is one build up: that of Cranmer. Played by Bruno Gerussi, Cranmer is the very antithesis of Wolsey and his holiness would almost degenerate into sanctimoniousness were it not for his flashing fire during the Privy Council scene.

But throughout this play, whoever falls or rises does so at the wish of Henry himself. Henry has constantly been lampooned on the stage and screen this century, producers and writers conveniently forgetting the fact that he was intelligent, cultured and a politician of razor sharpness.

Douglas Campbell, favored to begin with with the stature of Henry and given splendid help from his designer Brian Jackson, moves through this play surefootedly and strongly. There is a power which emanates from him whenever he is on stage and in the Privy Council scene his authority makes this five minutes as strong a piece of staging as Stratford has ever done.

Campbell has done good things before, but in this festival, as Menenius and as Henry VIII, he has bettered them all.

The final scene of *Henry VIII* is a triumph for the director, George McCowan, and his designer, Brian Jackson.

A darkened stage suddenly springs to light as courtiers in deep gold and church dignitaries in pale yellow copes gather for the christening of the infant Elizabeth.

The King stands on the balcony, magnificently dressed, with furs and jewels garnishing his elegance. It is as if the dark politicking of the early part of the play has suddenly burst into the

sunlight that was to be the golden age of Elizabeth.

The stunning inconsistency of all this for a girl-child, after the divorce of Katharine for producing only a girl-child, is something Shakespeare, like his audience, completely ignored.

This scene caps the first solo production for George McCowan and it bodes well for Stratford that he has learned already how to use this difficult, but flexible, stage, and that Brian Jackson can make even a first night audience gasp with delight.

Love's Labour's Lost, however, was the triumph of the Festival. One would not expect this because it is very much a private Elizabethan joke rather than a modern comedy. In it Shakespeare satirizes the ink-horn terms of Tudor school masters, the flatulent pseudo-elegance of Euphuism and the affected foreign gestures used by vapid courtiers. In addition to this detailed stylistic satire, the play is also a general satire on romantic comedy and the artificiality of Tudor court life.

The temptation, therefore, is to play tricks with the text and to make the actors farcical to get a modern laugh at Shakespeare's ancient expense. It is to the eternal credit of Michael Langham that he didn't do this. He went on the assumption that a line which has a witty point can be so spoken that it will seem witty even if the allusion is not quite clear. In this he was ably abetted by his actors all of whom entered into the frothy spirit of the piece.

They were led by Paul Scofield as Armado, whose wonderfully articulated and elegantly mannered performance was a delight, both to eye and ear. But no less good was Zoe Caldwell as Rosaline, whose pertness, vivacity and blissful clarity made the audience watch her, and her alone, whenever she was on even a crowded stage.

Rosaline's foil, Berowne, was a match for her, though, in the person of John Colicos, even if he did occasionally race his speech. And Douglas Rain, out of scarlet canonicals and into dove-grey foppery, was an amaz-

ing bag of courtly tricks — both in voice and gesture.

As the King of Navarre, the cranky instigator of the phoney study period, Leo Ciceri was equally clear and convincing. Indeed, his playing last year and this must surely earn him better parts next year (if he wants them), for he has the makings of a very good classical actor indeed.

The farcical relief provided by Shakespeare himself in the form of Costard, Holofernes and Sir Nathaniel was also highly enjoyable, but still within the limits of the delicate framework on which this play rests. Eric Christmas made marvellous play with the two words "remuneration" and "guerdon". Holofernes is obviously Jack Creley's true metier and his agile footwork, his ridiculous makeup and his range of vocal inflection made him understandable even to a modern audience, as well as to Sir Nathaniel, lugubriously but merrily played by William Needles.

Led by Joy Parker as the Princess of France, all the ladies were pleasant to look at and vivacious, whether it was the vivacity of hoydenism in Kate Reid's Jaquenetta or the more refined version of Maria (Mary Anderson) and Katharine (Michael Learned).

But none of this could have come off, nor could the cast have done so well, had not Mr. Langham carefully, subtly, patiently constructed the nice balance of the whole production, a balance which poised itself right to the last scene of the play which is often spoiled by heavy handedness.

But in Mr. Langham's production the Masque of the Nine Worthies has swollen into riotous horse play when the messenger announces the death of the Princess' father. Immediately the quips and quiddities, the low clowning and the rarefied artificiality disappear, and careless youth must face responsibilities devolving from an older generation's death — a dangerous and sudden transition.

Langham does it by staging the whole farewell against the background of the two songs — the cuckoo song which gently derides the whole charade which has gone before and the winter one, setting the proper chilling mood for facing the cold facts of life. Consummately timed, the ending is thus bitter sweet and haunting as this insubstantial pageant fades into reality.

With this enchanting ending and its spritely pace all through, there is no doubt that this *Love's Labour's Lost* is the best production that any festival-goer could see of this play this year, anywhere in the world. *Love's Labour's Lost* shows indeed that a labor of love with it can win.

Muscovite Dance is intriguingly staged in "Love's Labour's Lost."





Putting the Record Straight

What the Coyne Affair Is All About

by R. M. Baiden

JAMES E. COYNE, Governor of the Bank of Canada, has proven to be as prickly a pear as any Government has ever tried to pluck. But while the spectacle on Parliament Hill has been, by turn, mystifying, amusing and shocking, it has also been, above all, tragic.

Consider what has already happened:

- The pressing need for a national debate on policies for economic growth has been obscured by political mudslinging;

- Internationally, Canada's high reputation for monetary management and fiscal responsibility has been all but destroyed;

- The Governor, undoubtedly sincerely, if misguided, has publicly attacked the Government on a charge of fiscal irresponsibility;

- The Government, on the most sordid of pretexts and with the most self-contradictory reasons, has sought

the removal from office of the Governor;

- The Governor has charged that the Government wants him removed for the most amoral of political reasons — to gain control over the money supply for political ends;

- Government supporters, in turn, have charged the Governor with manoeuvring to establish a dictatorship and of collusion with a member of the Opposition;

- Opposition spokesmen have charged the Government with usurping the rights and functions of Parliament in refusing to permit the entire issue to be investigated by a joint committee of the House of Commons.

In the course of these events we have seen the Governor propose what, in effect, was a federal budget of his own on the eve of the Government's Budget; the release of correspondence in which the Governor all but called

the Minister of Finance a liar; and, perhaps most significant of all, a complete reversal of Government fiscal policy coupled with an apparent reversal of its view of the autonomy of the central bank in determining monetary policy.

This, then, is not just a dispute between the Governor and Donald Fleming, the Minister of Finance. What is involved here is, at one end, political in-fighting and manoeuvring of the most sordid variety and, at the other, the structure — and perhaps the continuance in any recognizable form — of the institution charged with maintaining the integrity of the Canadian dollar. Between these extremes, and inextricably bound by the results of the outcome, lie the interests of all Canadians.

If, however, there is a central point at issue in this whole affair, it revolves around the obligation of the Governor

than he serves his God. Douglas Rain in splendid scarlet showed the pride, the lust and the moral ambivalence of this character beautifully. Giving a rich rounded performance, he proved his skill in his final speech where he not only seemed to suffer a conversion into the holy man which he should all along have been, but could project this inner struggle and triumph directly at the audience.

After all the falls, there is one build up: that of Cranmer. Played by Bruno Gerussi, Cranmer is the very antithesis of Wolsey and his holiness would almost degenerate into sanctimoniousness were it not for his flashing fire during the Privy Council scene.

But throughout this play, whoever falls or rises does so at the wish of Henry himself. Henry has constantly been lampooned on the stage and screen this century, producers and writers conveniently forgetting the fact that he was intelligent, cultured and a politician of razor sharpness.

Douglas Campbell, favored to begin with with the stature of Henry and given splendid help from his designer Brian Jackson, moves through this play surefootedly and strongly. There is a power which emanates from him whenever he is on stage and in the Privy Council scene his authority makes this five minutes as strong a piece of staging as Stratford has ever done.

Campbell has done good things before, but in this festival, as Menenius and as Henry VIII, he has bettered them all.

The final scene of *Henry VIII* is a triumph for the director, George McCowan, and his designer, Brian Jackson.

A darkened stage suddenly springs to light as courtiers in deep gold and church dignitaries in pale yellow copes gather for the christening of the infant Elizabeth.

The King stands on the balcony, magnificently dressed, with furs and jewels garnishing his elegance. It is as if the dark politicking of the early part of the play has suddenly burst into the

sunlight that was to be the golden age of Elizabeth.

The stunning inconsistency of all this for a girl-child, after the divorce of Katharine for producing only a girl-child, is something Shakespeare, like his audience, completely ignored.

This scene caps the first solo production for George McCowan and it bodes well for Stratford that he has learned already how to use this difficult, but flexible, stage, and that Brian Jackson can make even a first night audience gasp with delight.

Love's Labour's Lost, however, was the triumph of the Festival. One would not expect this because it is very much a private Elizabethan joke rather than a modern comedy. In it Shakespeare satirizes the ink-horn terms of Tudor school masters, the flatulent pseudo-elegance of Euphuism and the affected foreign gestures used by vapid courtiers. In addition to this detailed stylistic satire, the play is also a general satire on romantic comedy and the artificiality of Tudor court life.

The temptation, therefore, is to play tricks with the text and to make the actors farcical to get a modern laugh at Shakespeare's ancient expense. It is to the eternal credit of Michael Langham that he didn't do this. He went on the assumption that a line which has a witty point can be so spoken that it will seem witty even if the allusion is not quite clear. In this he was ably abetted by his actors all of whom entered into the frothy spirit of the piece.

They were led by Paul Scofield as Armado, whose wonderfully articulated and elegantly mannered performance was a delight, both to eye and ear. But no less good was Zoe Caldwell as Rosaline, whose pertness, vivacity and blissful clarity made the audience watch her, and her alone, whenever she was on even a crowded stage.

Rosaline's foil, Berowne, was a match for her, though, in the person of John Colicos, even if he did occasionally race his speech. And Douglas Rain, out of scarlet canonicals and into dove-grey foppery, was an amaz-

ing bag of courtly tricks — both in voice and gesture.

As the King of Navarre, the cranky instigator of the phoney study period, Leo Ciceri was equally clear and convincing. Indeed, his playing last year and this must surely earn him better parts next year (if he wants them), for he has the makings of a very good classical actor indeed.

The farcical relief provided by Shakespeare himself in the form of Costard, Holofernes and Sir Nathaniel was also highly enjoyable, but still within the limits of the delicate framework on which this play rests. Eric Christmas made marvellous play with the two words "remuneration" and "guerdon". Holofernes is obviously Jack Creley's true metier and his agile footwork, his ridiculous makeup and his range of vocal inflection made him understandable even to a modern audience, as well as to Sir Nathaniel, lugubriously but merrily played by William Needles.

Led by Joy Parker as the Princess of France, all the ladies were pleasant to look at and vivacious, whether it was the vivacity of hoydenism in Kate Reid's Jaquenetta or the more refined version of Maria (Mary Anderson) and Katharine (Michael Learned).

But none of this could have come off, nor could the cast have done so well, had not Mr. Langham carefully, subtly, patiently constructed the nice balance of the whole production, a balance which poised itself right to the last scene of the play which is often spoiled by heavy handedness.

But in Mr. Langham's production the *Masque of the Nine Worthies* has swollen into riotous horse play when the messenger announces the death of the Princess' father. Immediately the quips and quiddities, the low clowning and the rarefied artificiality disappear, and careless youth must face responsibilities devolving from an older generation's death — a dangerous and sudden transition.

Langham does it by staging the whole farewell against the background of the two songs — the cuckoo song which gently derides the whole charade which has gone before and the winter one, setting the proper chilling mood for facing the cold facts of life. Consummately timed, the ending is thus bitter sweet and haunting as this insubstantial pageant fades into reality.

With this enchanting ending and its spritely pace all through, there is no doubt that this *Love's Labour's Lost* is the best production that any festival-goer could see of this play this year, anywhere in the world. *Love's Labour's Lost* shows indeed that a labor of love with it can win.

Muscovite Dance is intriguingly staged in "Love's Labour's Lost."



Putting the Record Straight

What the Coyne Affair Is All About

by R. M. Baiden

JAMES E. COYNE, Governor of the Bank of Canada, has proven to be as prickly a pear as any Government has ever tried to pluck. But while the spectacle on Parliament Hill has been, by turn, mystifying, amusing and shocking, it has also been, above all, tragic.

Consider what has already happened:

- The pressing need for a national debate on policies for economic growth has been obscured by political mudslinging;

- Internationally, Canada's high reputation for monetary management and fiscal responsibility has been all but destroyed;

- The Governor, undoubtedly sincerely, if misguided, has publicly attacked the Government on a charge of fiscal irresponsibility;

- The Government, on the most sordid of pretexts and with the most self-contradictory reasons, has sought

the removal from office of the Governor;

- The Governor has charged that the Government wants him removed for the most amoral of political reasons — to gain control over the money supply for political ends;

- Government supporters, in turn, have charged the Governor with manoeuvring to establish a dictatorship and of collusion with a member of the Opposition;

- Opposition spokesmen have charged the Government with usurping the rights and functions of Parliament in refusing to permit the entire issue to be investigated by a joint committee of the House of Commons.

In the course of these events we have seen the Governor propose what, in effect, was a federal budget of his own on the eve of the Government's Budget; the release of correspondence in which the Governor all but called

the Minister of Finance a liar; and, perhaps most significant of all, a complete reversal of Government fiscal policy coupled with an apparent reversal of its view of the autonomy of the central bank in determining monetary policy.

This, then, is not just a dispute between the Governor and Donald Fleming, the Minister of Finance. What is involved here is, at one end, political in-fighting and manoeuvring of the most sordid variety and, at the other, the structure — and perhaps the continuance in any recognizable form — of the institution charged with maintaining the integrity of the Canadian dollar. Between these extremes, and inextricably bound by the results of the outcome, lie the interests of all Canadians.

If, however, there is a central point at issue in this whole affair, it revolves around the obligation of the Governor



Bank of Canada Governor Coyne appearing before Senate Manpower Committee.

to resign when he finds himself in fundamental and irreconcilable conflict with Government policy. This is a settled view. It has been accepted by every minister of finance and every governor, including Coyne, since the Bank of Canada was made a public institution in 1938.

In the present case, the Government contends that such differences do exist and that Coyne refused to resign. As a result, the Government felt justified in seeking — and later forcing — his removal. Coyne maintains that no such difference has been shown to exist and none, in fact, does exist.

Around this central issue has grown a veritable forest of issues which, while secondary to this particular conflict, are, of themselves, of great importance. Among these are:

- Ultimate responsibility for determining monetary policy;
- The rights of the Governor (who is not a civil servant) to make speeches on other than monetary topics;
- The relationship between the Governor and the Minister of Finance;
- The proper way to remove a person appointed "during good behavior";
- The impact upon the effectiveness and the structure of the Bank of Canada, and by extension, upon other institutions, by passage of Bill No. C-114 to declare vacant the office of Governor of the Bank of Canada. The question here relates to Governmental authority versus Parliamentary authority.

If the central point of the whole issue is the Governor's obligation to resign, its genesis undoubtedly rests in the Governor's speech-making. For the head of Canada's central bank, unlike the head of any other central bank, has been an exceedingly vocal critic of Canada's economy. His criticisms have ranged far beyond monetary policy; they have, in fact, gone to the heart of this country's fiscal and commercial policies — or, as Coyne himself has suggested, to the absence of them.

Coyne has put his case that Canadians are living beyond their means forcefully and to a marked degree, persuasively, during the last two years. His remedies would involve considerable internal readjustment and would probably encounter international difficulties. But consider how increasingly forceful his statements have become. In December, 1959, addressing the Investment Dealers' Association in Toronto he said this:

"It is perhaps not premature to suggest the time has come for us to give more and more thought to the question of whether it is advisable or desirable to have so wide a gap between our savings rate and our capital expenditure rate, involving as this does such heavy borrowing abroad . . .

"No economy as advanced as ours should allow itself to be molded into a pattern of employment which is dependent for any extended period on capital expenditures financed by foreign borrowing on such a scale.

"The alternative to this is to cut our coat rather more in accordance with the cloth, and through policies of moderation and self-restraint to increase our rate of saving or moderate our demands for capital to those that can be satisfied with smaller supplements of resources from abroad."

By October, 1960, however, Coyne's statements had become notably stronger. Speaking to the annual meeting of the Canadian Chamber of Commerce in Calgary, he said:

"We cannot expect to go on indefinitely buying goods and services from abroad in amounts greatly in excess of our exports, that is, buying on credit on a scale which requires large further increases in our foreign debt.

"We must, therefore, face the prospect of suffering at some stage a major restriction in the supply of goods and services available for consumption and for expansion of capital facilities in Canada — or else we must set about providing for ourselves an amount of

goods and services made in Canada through the employment of Canadians, in replacement of the supply from outside upon which we have been so heavily dependent for the past decade.

"We are now at one more of the critical crossroads in our history, perhaps the most critical of all, when economic developments and preoccupation with economic doctrines of an earlier day are pushing us down the road that leads to loss of any effective power to be masters in our own household and (to) ultimate absorption in and by another . . .

"In my view our present unemployment cannot be cured by the blunderbuss methods of overall larger-scale monetary expansion and deficit finance. The approach to the problem of unemployment needs measures which are pin-pointed or directed toward creating employment in Canada, and stimulating production in Canada, rather than



Mike Pearson: Not the proper way.

merely handing out money indiscriminately for possible spending on further imports, or encouraging, by unsound credit practices, more and more people to go more and more deeply into debt.

"The point I want to stress is that it is unnecessary as well as dangerous to look to inflationary finance as a method of dealing with unemployment, or other economic problems, and that there is no reason why sound finance should prevent us from achieving our goals . . .

"Canadians do not even know the state of affairs of most of their major industries as these are owned by foreign corporations which do not find it necessary or desirable to publish statements of account for their Canadian subsidiaries.

"Americans and other foreign capital and management have no doubt given us some benefits which we would not otherwise have obtained in the same manner or so soon, but rarely the benefit of self-development.

"We can see now that we would

have been better off to have foregone some temporary easy benefits, as they seemed, and instead learned to manage our own affairs as best we could and been content with the result."

Strong stuff indeed — direct criticism of specific areas of Canada's economy. But by early this year, Coyne's criticisms had expanded considerably. At the Conference on Canadian Studies at Bishop's University, Lennoxville, Coyne had this to say.

"A review of developments during the so-called 'fabulous fifties' leads to the question, 'What went wrong?' With one-third more capital investment each year in proportion to gross national product than in the United States, why did our gross national product not increase significantly more than in the United States? Why did our unemployment rise from a level below that of the United States to a level above that of the United States? Why did we have



Fleming: Never any interference.

a continuing balance of payments deficit on a scale no other country in the world has ever experienced?

"Why did net foreign investment in Canada quadruple from four billion dollars at the end of 1949 to seventeen billion dollars at the end of 1960? Why did our costs of production in secondary industry rise more than costs of production in secondary industry in the United States? Why has secondary industry in Canada producing for domestic consumption languished while a tremendous increase occurred in our imports of the products of secondary industry abroad?

"To some extent these questions no doubt suggest their own answers. I have discussed them at somewhat greater length in my Annual Report for 1960. I should like at this time to mention only three or four points in this connection. For one thing, it cannot be said that the failure of Canadian development to keep step with our potential, or to match that of the United States in relation to the amount of new capital employed, was due to inade-

quate monetary expansion or inadequate size of Government deficits in Canada. From 1949 to 1954 our monetary expansion matched that of the United States and since 1954 we have had an increase of 35 per cent in the money supply in Canada (currency in circulation plus total bank deposits, net of float) as compared with an increase of only 21 per cent in the United States (using the Canadian definition of money supply).

"In the latter half of the fifties we have also had substantially higher government deficits — combining all levels of government — than in the United States. I cannot believe that anything more massive in the way of monetary and fiscal stimulation of an overall character would have been justifiable or would have been effective in the decade just past, or would be effective or justifiable in dealing with the situation we are faced with in 1961.

"Undoubtedly the tendency of the exchange rate to go to a premium over the American dollar has been a factor encouraging increased importation and discouraging Canadian production in the field of secondary industries. It is an extraordinary thing that Canada is the largest market in the world (with the exception of the United States) for other countries' exports of manufactured goods.

"In per capita terms, of course, our imports of manufactured goods far exceed those of the United States, being \$230 per person in Canada in 1959 as compared with \$40 in the case of the United States, and \$55 in the case of the United Kingdom.

"An important element in the total capital inflow which induced the premium on the Canadian dollar and the high level of imports into Canada has been the amount of borrowing of foreign funds by Canadian provinces and municipalities and their agencies amounting to several hundreds of millions of dollars for a number of years in succession . . .

"A continuing and growing factor in the capital inflow is the volume of funds coming into Canada for direct

investment both in resource industries and in secondary industries, including the buying up on a large scale of existing businesses in Canada which were previously under Canadian ownership and control. The net capital inflow of this character has normally been greater than the amount of funds raised by Canadians borrowing abroad, and in 1960 rose to the extraordinarily high figure of \$605 million.

"This inflow for direct investment has recently been the chief factor influencing the exchange rate. It is too soon to say whether it will be importantly affected by the budgetary changes of last December 20th. This kind of capital inflow is little affected by relative levels of interest rates, and the view sometimes expressed that Canadian interest rates should be lower in order to discourage borrowing abroad would have little effect on this type of capital inflow, the largest of all.

"We have not yet come to grips with our very serious balance of payments problem. I mentioned earlier that we have had a balance of payments deficit every year since 1949 with the exception of 1952, that the deficit reached \$700 million in 1955, doubled to \$1,400 million in 1956 and has continued since then in the region of \$1,100 million to \$1,500 million per annum. . . .

"It is . . . disturbing when we find for the sixth successive year an almost equally great (as 1956) import surplus continuing at a time when the Canadian economy is far from fully employed, at a time when we have unemployment of such magnitude that we are lagging in actual production below our potential by more than the surplus of goods imported from abroad. Our problem is no longer excessive total spending, nor on the other hand are monetary or fiscal measures holding down total spending, but rather that too much of our spending, in the aggregate, is spent on goods and services produced outside Canada and providing employment outside Canada instead of in Canada."

Obviously, this ranges far afield from monetary policy. It is openly critical



Coyne accused government of black-mail tactics to speed his removal.



Bank of Canada Governor Coyne appearing before Senate Manpower Committee.

to resign when he finds himself in fundamental and irreconcilable conflict with Government policy. This is a settled view. It has been accepted by every minister of finance and every governor, including Coyne, since the Bank of Canada was made a public institution in 1938.

In the present case, the Government contends that such differences do exist and that Coyne refused to resign. As a result, the Government felt justified in seeking — and later forcing — his removal. Coyne maintains that no such difference has been shown to exist and none, in fact, does exist.

Around this central issue has grown a veritable forest of issues which, while secondary to this particular conflict, are, of themselves, of great importance. Among these are:

- Ultimate responsibility for determining monetary policy;
- The rights of the Governor (who is not a civil servant) to make speeches on other than monetary topics;
- The relationship between the Governor and the Minister of Finance;
- The proper way to remove a person appointed "during good behavior";
- The impact upon the effectiveness and the structure of the Bank of Canada, and by extension, upon other institutions, by passage of Bill No. C-114 to declare vacant the office of Governor of the Bank of Canada. The question here relates to Governmental authority versus Parliamentary authority.

If the central point of the whole issue is the Governor's obligation to resign, its genesis undoubtedly rests in the Governor's speech-making. For the head of Canada's central bank, unlike the head of any other central bank, has been an exceedingly vocal critic of Canada's economy. His criticisms have ranged far beyond monetary policy; they have, in fact, gone to the heart of this country's fiscal and commercial policies — or, as Coyne himself has suggested, to the absence of them.

Coyne has put his case that Canadians are living beyond their means forcefully and to a marked degree, persuasively, during the last two years. His remedies would involve considerable internal readjustment and would probably encounter international difficulties. But consider how increasingly forceful his statements have become. In December, 1959, addressing the Investment Dealers' Association in Toronto he said this:

"It is perhaps not premature to suggest the time has come for us to give more and more thought to the question of whether it is advisable or desirable to have so wide a gap between our savings rate and our capital expenditure rate, involving as this does such heavy borrowing abroad . . .

"No economy as advanced as ours should allow itself to be molded into a pattern of employment which is dependent for any extended period on capital expenditures financed by foreign borrowing on such a scale.

"The alternative to this is to cut our coat rather more in accordance with the cloth, and through policies of moderation and self-restraint to increase our rate of saving or moderate our demands for capital to those that can be satisfied with smaller supplements of resources from abroad."

By October, 1960, however, Coyne's statements had become notably stronger. Speaking to the annual meeting of the Canadian Chamber of Commerce in Calgary, he said:

"We cannot expect to go on indefinitely buying goods and services from abroad in amounts greatly in excess of our exports, that is, buying on credit on a scale which requires large further increases in our foreign debt.

"We must, therefore, face the prospect of suffering at some stage a major restriction in the supply of goods and services available for consumption and for expansion of capital facilities in Canada — or else we must set about providing for ourselves an amount of

goods and services made in Canada through the employment of Canadians, in replacement of the supply from outside upon which we have been so heavily dependent for the past decade.

"We are now at one more of the critical crossroads in our history, perhaps the most critical of all, when economic developments and preoccupation with economic doctrines of an earlier day are pushing us down the road that leads to loss of any effective power to be masters in our own household and (to) ultimate absorption in and by another . . .

"In my view our present unemployment cannot be cured by the blunderbuss methods of overall larger-scale monetary expansion and deficit finance. The approach to the problem of unemployment needs measures which are pin-pointed or directed toward creating employment in Canada, and stimulating production in Canada, rather than



Mike Pearson: Not the proper way.

merely handing out money indiscriminately for possible spending on further imports, or encouraging, by unsound credit practices, more and more people to go more and more deeply into debt.

"The point I want to stress is that it is unnecessary as well as dangerous to look to inflationary finance as a method of dealing with unemployment, or other economic problems, and that there is no reason why sound finance should prevent us from achieving our goals . . .

"Canadians do not even know the state of affairs of most of their major industries as these are owned by foreign corporations which do not find it necessary or desirable to publish statements of account for their Canadian subsidiaries.

"Americans and other foreign capital and management have no doubt given us some benefits which we would not otherwise have obtained in the same manner or so soon, but rarely the benefit of self-development.

"We can see now that we would

have been better off to have foregone some temporary easy benefits, as they seemed, and instead learned to manage our own affairs as best we could and been content with the result."

Strong stuff indeed — direct criticism of specific areas of Canada's economy. But by early this year, Coyne's criticisms had expanded considerably. At the Conference on Canadian Studies at Bishop's University, Lennoxville, Coyne had this to say.

"A review of developments during the so-called 'fabulous fifties' leads to the question, 'What went wrong?' With one-third more capital investment each year in proportion to gross national product than in the United States, why did our gross national product not increase significantly more than in the United States? Why did our unemployment rise from a level below that of the United States to a level above that of the United States? Why did we have



Fleming: Never any interference.

a continuing balance of payments deficit on a scale no other country in the world has ever experienced?

"Why did net foreign investment in Canada quadruple from four billion dollars at the end of 1949 to seventeen billion dollars at the end of 1960? Why did our costs of production in secondary industry rise more than costs of production in secondary industry in the United States? Why has secondary industry in Canada producing for domestic consumption languished while a tremendous increase occurred in our imports of the products of secondary industry abroad?

"To some extent these questions no doubt suggest their own answers. I have discussed them at somewhat greater length in my Annual Report for 1960. I should like at this time to mention only three or four points in this connection. For one thing, it cannot be said that the failure of Canadian development to keep step with our potential, or to match that of the United States in relation to the amount of new capital employed, was due to inade-

quate monetary expansion or inadequate size of Government deficits in Canada. From 1949 to 1954 our monetary expansion matched that of the United States and since 1954 we have had an increase of 35 per cent in the money supply in Canada (currency in circulation plus total bank deposits, net of float) as compared with an increase of only 21 per cent in the United States (using the Canadian definition of money supply).

"In the latter half of the fifties we have also had substantially higher government deficits — combining all levels of government — than in the United States. I cannot believe that anything more massive in the way of monetary and fiscal stimulation of an overall character would have been justifiable or would have been effective in the decade just past, or would be effective or justifiable in dealing with the situation we are faced with in 1961.

"Undoubtedly the tendency of the exchange rate to go to a premium over the American dollar has been a factor encouraging increased importation and discouraging Canadian production in the field of secondary industries. It is an extraordinary thing that Canada is the largest market in the world (with the exception of the United States) for other countries' exports of manufactured goods.

"In per capita terms, of course, our imports of manufactured goods far exceed those of the United States, being \$230 per person in Canada in 1959 as compared with \$40 in the case of the United States, and \$55 in the case of the United Kingdom.

"An important element in the total capital inflow which induced the premium on the Canadian dollar and the high level of imports into Canada has been the amount of borrowing of foreign funds by Canadian provinces and municipalities and their agencies amounting to several hundreds of millions of dollars for a number of years in succession . . .

"A continuing and growing factor in the capital inflow is the volume of funds coming into Canada for direct

investment both in resource industries and in secondary industries, including the buying up on a large scale of existing businesses in Canada which were previously under Canadian ownership and control. The net capital inflow of this character has normally been greater than the amount of funds raised by Canadians borrowing abroad, and in 1960 rose to the extraordinarily high figure of \$605 million.

"This inflow for direct investment has recently been the chief factor influencing the exchange rate. It is too soon to say whether it will be importantly affected by the budgetary changes of last December 20th. This kind of capital inflow is little affected by relative levels of interest rates, and the view sometimes expressed that Canadian interest rates should be lower in order to discourage borrowing abroad would have little effect on this type of capital inflow, the largest of all.

"We have not yet come to grips with our very serious balance of payments problem. I mentioned earlier that we have had a balance of payments deficit every year since 1949 with the exception of 1952, that the deficit reached \$700 million in 1955, doubled to \$1,400 million in 1956 and has continued since then in the region of \$1,100 million to \$1,500 million per annum. . . .

"It is . . . disturbing when we find for the sixth successive year an almost equally great (as 1956) import surplus continuing at a time when the Canadian economy is far from tully employed, at a time when we have unemployment of such magnitude that we are lagging in actual production below our potential by more than the surplus of goods imported from abroad. Our problem is no longer excessive total spending, nor on the other hand are monetary or fiscal measures holding down total spending, but rather that too much of our spending, in the aggregate, is spent on goods and services produced outside Canada and providing employment outside Canada instead of in Canada."

Obviously, this ranges far afield from monetary policy. It is openly critical



Coyne accused government of black-mail tactics to speed his removal.

Coyne on his Removal

"The sudden and unexplained demand for my resignation on May 30, the appearance of haste and urgency, and the blackmailing tactics used, suggested that the present Government had a plan to call a snap election, without a Budget, or perhaps immediately after the Budget speech was made, and subvert the Bank of Canada under a new Governor of their own choosing to assist them in financing expenditures and programs not authorized by Parliament.

"I was warned about this danger by a man whose opinions I value and who said in such circumstances the Governor of the Bank would have a duty not to resign. In the absence of any other rational explanation of the Government's action, it may yet be proved that electoral intentions were the real purpose of the move to get rid of me. The delay in bringing in the Budget, and the fact that the Budget was rewritten after my statement appeared, are further indications that ulterior designs underlay the plan to get me out of the way."

—June 26 letter to Fleming

of Government operations — both Liberal and Conservative. (It should be remembered that Coyne's monetary policies were never particularly palatable to the Liberals, either.)

Two questions arise. The first, and by far the most important in the present issue, is do these views show a fundamental and irreconcilable disagreement with Government monetary policy? Second, does the Governor of the central bank have the right to speak on such matters, apart from monetary policy and operations? The Government's view, clearly, is yes on the first count, no on the second. Coyne's view, in both cases, is the reverse of the Government's. But here we get into the baffling contradictions of the Government's case as stated by Fleming in the Commons on June 26. At that time, Fleming said:

"Until the autumn of 1959, the Governor had not made a practice of making public speeches, but at that time he began to do so. For the next year and a half he made them with increasing force, frequency and fervor. Never was I or any other member of the Government consulted at any time in any respect whatever in regard to the making of those speeches or their contents.

"They quickly attracted public attention, which increased with each of those public utterances, principally because they were devoted almost en-

tirely to fiscal, not monetary policy and thus entered upon one of the most controversial subjects in the whole political spectrum. The Governor did not directly attack the Government, but it was not long before the Government was bearing the full weight of his criticisms and strictures.

"He contended time and again with ever increasing vehemence that the country was suffering from wrong fiscal policies and the absence of needed fiscal programs. Such, under our constitutional system, Mr. Speaker, are the responsibilities of the Government, not the responsibility of the Bank of Canada."

Yet Coyne, in a letter to Fleming dated June 9, states this:

"One reason you gave why the Government would not approve my reappointment was that statements in public speeches I have made had turned out to be embarrassing to the Government and were being used by their opponents in Parliament and elsewhere for political purposes. You first spoke to me about this matter on March 18th last, and I have not made any public speeches since."

Well, now, if Coyne's speeches had embarrassed the Government as early as the autumn of 1959, why wait until March, 1961 to bring it to the attention of the Governor? This question becomes especially pointed on Fleming's own assertion that Coyne was speaking outside his province. Surely by withholding its objection the Government gave a form of *de facto* permission.

Certainly that would appear to have been the case as recently as the federal budget of Dec. 20, 1960. In fact, the view was widespread that Coyne was, in effect, kite-flying for the Government — and especially the Minister of Finance — in these very speeches.

A second, and more direct complaint against Coyne was introduced by Fleming in his June 26 speech. He said:

"In the winter of 1957-58 I conveyed to him (Coyne) a request for an easing of the requirements respecting the liquidity reserves of chartered banks. That request, which was designed by the Government to ease tight money, was rejected by the Governor firmly and angrily."

That assertion must be interpreted in the light of two others, also by Fleming. The first was contained in the same June 26 speech. This was:

"The Bank of Canada has operated monetary policy, in full control of it. The Government has had no control over monetary policy. The Bank authorities were always willing to explain and defend their operations, but the policy followed was always that of the Governor."

The second is this statement by Fleming in the House last February:

"There never has been the slightest interference by the Government with Bank monetary policy."

If this seems only to muddy the issue of responsibility and interference, perhaps the following extract from a speech by Fleming this January will clear the issues.

"The chartered banks are in a strong and improved position compared with a year ago. Their total assets increased during 1960 by approximately \$750 million, or six per cent. Over the same 12-month period the total money supply increased by \$687 million, or a little more than five per cent.

"During the year the general loans of the chartered banks increased by \$275 million, or six per cent and the remainder of the increase in their total assets was reflected in the rise of more than \$475 million (or 12 per cent) in their liquid and quickly marketable assets. This included, in addition to a rise in their cash, day-to-day loans and treasury bills, an increase of \$260 million in their holdings of government bonds, and their net foreign assets have risen by \$100 million.

"In other words, the Canadian banking system has increased its loans during 1960 without strain on its liquid position; in fact it has added to its liquidity and is in a position to meet all reasonable borrowing requirements of credit-worthy businesses and institutions."

Then again, as far back as February, 1958, Fleming had maintained that "tight money" did not exist.

"Whatever may have been said for the tight money policy in 1955 and 1956, it is evident that it does not fit the needs of 1958 . . . Money is more plentiful, credit is somewhat easier and interest rates have been reduced to a remarkable extent in recent months."

Fleming speaks at opening of new building. Vacant



So, Fleming now maintains that although he had no control over monetary policy and had never interfered with the Bank's policy he asked for an easing of the Bank's tight money policy in the winter of 1957-58 — a policy which in February, 1958 he said, did not exist. Furthermore, if we are to judge by his speech of this January, it has never existed during his tenure of office.

Far from showing a deep and irreconcilable split on monetary policy, Fleming's statements surely show a fundamental harmony in result. Clearly, these are shaky foundations indeed for requiring Coyne's dismissal.

Perhaps with this realization in mind, the Government introduced yet another reason; the matter of the pensions.

On this matter, Fleming made this statement in the House June 14:

"Prior to Feb. 15, 1960, Mr. Coyne under present circumstances of age and service would have been entitled on retirement this year to a life pension of slightly less than \$12,000 per annum. As the result of a by-law passed by the Board (of Governors of the Bank) that day he claims to have acquired immediate entitlement to a life pension of \$25,000 per annum on retirement this year at age approximately 50 years.

"The Government was not notified of this by-law and the Governor did not publish it in the *Canada Gazette* until this week. The Government became aware of the enactment of this by-law only this spring. The Government, as I informed him at the meeting on May 30, considers that the Governor was lacking in a sense of responsibility in keeping with his high office, in accepting an additional benefit worth \$13,000 per annum for life without ensuring that the matter was brought to the attention of the Gov-

ernment."

To this charge, Coyne replied in a letter to Fleming dated June 26 as follows:

"You, Mr. Fleming, have tried to discredit me by alleging improper conduct in relation to action taken on February 15, 1960 by the directors (two-thirds of them then being of your own choosing) affecting Governors' pensions — not just my pension but the pension provisions for future as well as present Governors and Deputy Governors. The pension in question is in the nature of an insurance policy for which a special premium is paid by the Governor and Deputy Governor. It may never be drawn, and is not expected to be drawn if a Governor or Deputy Governor is able to find suitable alternative employment.

"It is intended to insure that the Governor or Deputy Governor need have no reason to be dominated or manipulated by a particular Government regardless of the issue. You, Mr. Fleming, were told by Mr. Bryden about a possible change in these provisions six months before the directors acted in February 1960, and you have a letter from Mr. Bryden to prove it, which you persist in concealing. The Deputy Minister of Finance was told by Mr. Bryden about the actual proposed action a week before the directors' meeting at which action was taken and he said he thought the proposed change was reasonable.

"Mr. Bryden told me before the meeting about the Deputy Minister's views, and the Deputy Minister confirmed this record on June 16th last. Yet you, Mr. Fleming, pretend that these changes were hidden from the Government! The directors acted on their own responsibility as provided in the Bank of Canada Act, and as declared to be within their powers by the Deputy Minister of Justice. You have a further opinion on this from the present Deputy Minister of Justice, which you have also concealed both from me and from the public."

What are we to make of this? Is it anything more than a thoroughly cynical, contemptible manoeuvre to smear Coyne? Was it used, in effect, to blackmail Coyne into resigning? On the facts at hand, no other interpretation appears to fit.

Finally, the manner of Coyne's removal needs examination. (It is interesting to note here that with only six months of his term left the Government felt it necessary to remove Coyne. One reason given by Fleming was that the June 20 Budget contained proposals with which Coyne would not agree. This clearly contradicts Fleming's previous position that the Government has no control over monetary policy. It is

Coyne and Dictatorship

"What is the evidence as far as Mr. Coyne is concerned? Mr. Coyne has certain functions. Those functions, as Governor of the Bank of Canada, are in reference to the monetary affairs of the country. Does he stay within the realm and the jurisdiction of those functions? I suggest he does not. I suggest, Mr. Speaker, that there has been the situation mentioned in one of the statements of Disraeli. Disraeli said:

"He who controls the exchequer controls the world."

"It seems to me I could rest my case immediately on this fact, that Mr. Coyne deliberately set out knowing that if he controlled the monetary policy of this country without any interference, and the fiscal policy of this country without any interference, he would become the dictator of this country and we members of Parliament and members of the Government would be merely children in a playpen dancing to the tune of Mr. Coyne, the Governor of the Bank of Canada."

—Eldon M. Woolliams
(PC Bow River) Hansard, June 26

difficult to conceive of a more effective weapon of control than removal from office.)

Up to the time of the June 26 debate, the Government first asked Coyne to resign (he refused) then, apparently "discovered" the pension incident and, one suspects, suggested he would be well advised to go quietly rather than suffer personal defamation.

However, Coyne remained. The recourse which the Government then sought was to declare his post vacant by Bill No. C-114. At this juncture, the opposition parties asked for a joint committee to hear both sides of the case. Their argument was that only Parliament — not the Government — could fire Coyne and that for Parliament to act just on the statements of the Government was, at least, unprincipled.

Jack Pickersgill, described the Government's manoeuvre this way in the June 26 debate:

"I said that this was a bill of attainder. I said that this was a procedure which was now unknown to our practice, and which is forbidden by the constitution of the United States, as the Leader of the Opposition (Pearson) pointed out this afternoon. I should like to read to you, Mr. Speaker, because it is so apt, the description of a bill of attainder found in the Encyclo-

g. Vacant chair was reserved for Bank's Coyne.



Coyne on his Removal

"The sudden and unexplained demand for my resignation on May 30, the appearance of haste and urgency, and the blackmailing tactics used, suggested that the present Government had a plan to call a snap election, without a Budget, or perhaps immediately after the Budget speech was made, and subvert the Bank of Canada under a new Governor of their own choosing to assist them in financing expenditures and programs not authorized by Parliament.

"I was warned about this danger by a man whose opinions I value and who said in such circumstances the Governor of the Bank would have a duty not to resign. In the absence of any other rational explanation of the Government's action, it may yet be proved that electoral intentions were the real purpose of the move to get rid of me. The delay in bringing in the Budget, and the fact that the Budget was rewritten after my statement appeared, are further indications that ulterior designs underlay the plan to get me out of the way."

—June 26 letter to Fleming

of Government operations — both Liberal and Conservative. (It should be remembered that Coyne's monetary policies were never particularly palatable to the Liberals, either.)

Two questions arise. The first, and by far the most important in the present issue, is do these views show a fundamental and irreconcilable disagreement with Government monetary policy? Second, does the Governor of the central bank have the right to speak on such matters, apart from monetary policy and operations? The Government's view, clearly, is yes on the first count, no on the second. Coyne's view, in both cases, is the reverse of the Government's. But here we get into the baffling contradictions of the Government's case as stated by Fleming in the Commons on June 26. At that time, Fleming said:

"Until the autumn of 1959, the Governor had not made a practice of making public speeches, but at that time he began to do so. For the next year and a half he made them with increasing force, frequency and fervor. Never was I or any other member of the Government consulted at any time in any respect whatever in regard to the making of those speeches or their contents.

"They quickly attracted public attention, which increased with each of those public utterances, principally because they were devoted almost en-

tirely to fiscal, not monetary policy and thus entered upon one of the most controversial subjects in the whole political spectrum. The Governor did not directly attack the Government, but it was not long before the Government was bearing the full weight of his criticisms and strictures.

"He contended time and again with ever increasing vehemence that the country was suffering from wrong fiscal policies and the absence of needed fiscal programs. Such, under our constitutional system, Mr. Speaker, are the responsibilities of the Government, not the responsibility of the Bank of Canada."

Yet Coyne, in a letter to Fleming dated June 9, states this:

"One reason you gave why the Government would not approve my reappointment was that statements in public speeches I have made had turned out to be embarrassing to the Government and were being used by their opponents in Parliament and elsewhere for political purposes. You first spoke to me about this matter on March 18th last, and I have not made any public speeches since."

Well, now, if Coyne's speeches had embarrassed the Government as early as the autumn of 1959, why wait until March, 1961 to bring it to the attention of the Governor? This question becomes especially pointed on Fleming's own assertion that Coyne was speaking outside his province. Surely by withholding its objection the Government gave a form of *de facto* permission.

Certainly that would appear to have been the case as recently as the federal budget of Dec. 20, 1960. In fact, the view was widespread that Coyne was, in effect, kite-flying for the Government — and especially the Minister of Finance — in these very speeches.

A second, and more direct complaint against Coyne was introduced by Fleming in his June 26 speech. He said:

"In the winter of 1957-58 I conveyed to him (Coyne) a request for an easing of the requirements respecting the liquidity reserves of chartered banks. That request, which was designed by the Government to ease tight money, was rejected by the Governor firmly and angrily."

That assertion must be interpreted in the light of two others, also by Fleming. The first was contained in the same June 26 speech. This was:

"The Bank of Canada has operated monetary policy, in full control of it. The Government has had no control over monetary policy. The Bank authorities were always willing to explain and defend their operations, but the policy followed was always that of the Governor."

The second is this statement by Fleming in the House last February:

"There never has been the slightest interference by the Government with Bank monetary policy."

If this seems only to muddy the issue of responsibility and interference, perhaps the following extract from a speech by Fleming this January will clear the issues.

"The chartered banks are in a strong and improved position compared with a year ago. Their total assets increased during 1960 by approximately \$750 million, or six per cent. Over the same 12-month period the total money supply increased by \$687 million, or a little more than five per cent.

"During the year the general loans of the chartered banks increased by \$275 million, or six per cent and the remainder of the increase in their total assets was reflected in the rise of more than \$475 million (or 12 per cent) in their liquid and quickly marketable assets. This included, in addition to a rise in their cash, day-to-day loans and treasury bills, an increase of \$260 million in their holdings of government bonds, and their net foreign assets have risen by \$100 million.

"In other words, the Canadian banking system has increased its loans during 1960 without strain on its liquid position; in fact it has added to its liquidity and is in a position to meet all reasonable borrowing requirements of credit-worthy businesses and institutions."

Then again, as far back as February, 1958, Fleming had maintained that "tight money" did not exist.

"Whatever may have been said for the tight money policy in 1955 and 1956, it is evident that it does not fit the needs of 1958 . . . Money is more plentiful, credit is somewhat easier and interest rates have been reduced to a remarkable extent in recent months."

Fleming speaks at opening of new building. Vacant



So, Fleming now maintains that although he had no control over monetary policy and had never interfered with the Bank's policy he asked for an easing of the Bank's tight money policy in the winter of 1957-58 — a policy which in February, 1958 he said, did not exist. Furthermore, if we are to judge by his speech of this January, it has never existed during his tenure of office.

Far from showing a deep and irreconcilable split on monetary policy, Fleming's statements surely show a fundamental harmony in result. Clearly, these are shaky foundations indeed for requiring Coyne's dismissal.

Perhaps with this realization in mind, the Government introduced yet another reason; the matter of the pensions.

On this matter, Fleming made this statement in the House June 14:

"Prior to Feb. 15, 1960, Mr. Coyne under present circumstances of age and service would have been entitled on retirement this year to a life pension of slightly less than \$12,000 per annum. As the result of a by-law passed by the Board (of Governors of the Bank) that day he claims to have acquired immediate entitlement to a life pension of \$25,000 per annum on retirement this year at age approximately 50 years.

"The Government was not notified of this by-law and the Governor did not publish it in the *Canada Gazette* until this week. The Government became aware of the enactment of this by-law only this spring. The Government, as I informed him at the meeting on May 30, considers that the Governor was lacking in a sense of responsibility in keeping with his high office, in accepting an additional benefit worth \$13,000 per annum for life without ensuring that the matter was brought to the attention of the Gov-

ernment."

To this charge, Coyne replied in a letter to Fleming dated June 26 as follows:

"You, Mr. Fleming, have tried to discredit me by alleging improper conduct in relation to action taken on February 15, 1960 by the directors (two-thirds of them then being of your own choosing) affecting Governors' pensions — not just my pension but the pension provisions for future as well as present Governors and Deputy Governors. The pension in question is in the nature of an insurance policy for which a special premium is paid by the Governor and Deputy Governor. It may never be drawn, and is not expected to be drawn if a Governor or Deputy Governor is able to find suitable alternative employment.

"It is intended to insure that the Governor or Deputy Governor need have no reason to be dominated or manipulated by a particular Government regardless of the issue. You, Mr. Fleming, were told by Mr. Bryden about a possible change in these provisions six months before the directors acted in February 1960, and you have a letter from Mr. Bryden to prove it, which you persist in concealing. The Deputy Minister of Finance was told by Mr. Bryden about the actual proposed action a week before the directors' meeting at which action was taken and he said he thought the proposed change was reasonable.

"Mr. Bryden told me before the meeting about the Deputy Minister's views, and the Deputy Minister confirmed this record on June 16th last. Yet you, Mr. Fleming, pretend that these changes were hidden from the Government! The directors acted on their own responsibility as provided in the Bank of Canada Act, and as declared to be within their powers by the Deputy Minister of Justice. You have a further opinion on this from the present Deputy Minister of Justice, which you have also concealed both from me and from the public."

What are we to make of this? Is it anything more than a thoroughly cynical, contemptible manoeuvre to smear Coyne? Was it used, in effect, to blackmail Coyne into resigning? On the facts at hand, no other interpretation appears to fit.

Finally, the manner of Coyne's removal needs examination. (It is interesting to note here that with only six months of his term left the Government felt it necessary to remove Coyne. One reason given by Fleming was that the June 20 Budget contained proposals with which Coyne would not agree. This clearly contradicts Fleming's previous position that the Government has no control over monetary policy. It is

Coyne and Dictatorship

"What is the evidence as far as Mr. Coyne is concerned? Mr. Coyne has certain functions. Those functions, as Governor of the Bank of Canada, are in reference to the monetary affairs of the country. Does he stay within the realm and the jurisdiction of those functions? I suggest he does not. I suggest, Mr. Speaker, that there has been the situation mentioned in one of the statements of Disraeli. Disraeli said:

"He who controls the exchequer controls the world."

"It seems to me I could rest my case immediately on this fact, that Mr. Coyne deliberately set out knowing that if he controlled the monetary policy of this country without any interference, and the fiscal policy of this country without any interference, he would become the dictator of this country and we members of Parliament and members of the Government would be merely children in a playpen dancing to the tune of Mr. Coyne, the Governor of the Bank of Canada."

—Eldon M. Woolliams
(PC Bow River) Hansard, June 26

difficult to conceive of a more effective weapon of control than removal from office.)

Up to the time of the June 26 debate, the Government first asked Coyne to resign (he refused) then, apparently "discovered" the pension incident and, one suspects, suggested he would be well advised to go quietly rather than suffer personal defamation.

However, Coyne remained. The recourse which the Government then sought was to declare his post vacant by Bill No. C-114. At this juncture, the opposition parties asked for a joint committee to hear both sides of the case. Their argument was that only Parliament — not the Government — could fire Coyne and that for Parliament to act just on the statements of the Government was, at least, unprincipled.

Jack Pickersgill, described the Government's manoeuvre this way in the June 26 debate:

"I said that this was a bill of attainder. I said that this was a procedure which was now unknown to our practice, and which is forbidden by the constitution of the United States, as the Leader of the Opposition (Pearson) pointed out this afternoon. I should like to read to you, Mr. Speaker, because it is so apt, the description of a bill of attainder found in the Encyclo-

ng. Vacant chair was reserved for Bank's Coyne.



WOOL GATHERINGS NO. 2

**Do you know
your
British Woollens**



**Worsted
can't be bested!**

We don't want to pull the wool over your eyes; we want to open them to the wide range of British Woollens. Worsted*, for instance, are unique among wool fabrics. They are woven from fine, long-staple wool mainly from Australia, South Africa and New Zealand. The wool is combed out before spinning so that the short fibres are removed and the long ones laid straight and parallel. This produces a strong, hard-wearing yarn that gives a smooth, even finish to the woven cloth. Worsted yarns are ideal for picking out the detailed designs in British fabrics and whatever the weather, there's a worsted weight for it.

Before you select your next suit, have a look at the variety of British Woollens available at your tailor's or clothing store. You'll find your best investments are worsted!

*Worsted gets its name from the town of Worstead in Norfolk, where the cloth originated 800 years ago. It's been improving ever since!



SPONSORED BY THE NATIONAL WOOL TEXTILE
EXPORT CORPORATION • BRADFORD • ENGLAND

Pearson's Proper Way

"The proper way is that we have a full parliamentary inquiry at which Mr. Coyne as well as the Minister, and members of the Board (of Governors of the Bank), if you like, could fully and freely present their differences, if any and (be) cross-examined. If that inquiry, which could be concluded very quickly — it need not take long — showed that there are legitimate causes for removal on the ground of misbehavior, then Parliament could and should take appropriate action to that end.

"That action, I suggest, should not take the form of this kind of bill. That action, I suggest would require two stages. First an amendment to the Bank of Canada Act, an amendment which we were told by the Minister of Justice (Fulton) not long ago would be required in this situation, to provide a procedure for removing the Governor similar to that contained in the Judges' Act, so that we could not have this kind of situation in the future. Then a joint address of both Houses with the full particulars which justify the removal of the Governor."

—Hansard, June 26

the courts of law; such evidence only was admitted as might be necessary to secure conviction; indeed, in many cases bills of attainder were passed without any evidence being produced at all.

"In the reign of Henry VIII they were much used, through a subservient Parliament, to punish those who had incurred the king's displeasure; many distinguished victims who could not have been charged with any offence under the existing laws being by this means disposed of."

Unless one can accept the confused and contradictory statements of the Minister of Finance, it appears, indeed, that Bill No. C-114 is similar to a bill of attainder. Not that it makes much difference to the outcome of the Coyne affair. All political parties, and probably most Canadians, are agreed that Coyne's usefulness as Governor ended some time ago.

But the manner of his removal has been wrong. It has in fact been wicked. It has brought the Parliament of Canada into disrepute and it has buried the prime reason for the whole affair: the necessity for a full national debate on Canadian economic policy.

Nor have its effects ended. For as surely as Coyne's fate has been sealed, so has that of the Minister of Finance. For while Fleming disclaimed personal responsibility ("Let me make it very clear, Mr. Speaker, that throughout this entire situation I have acted as the spokesman of the Government, on the instructions of the Government, carrying out the decisions of the Government, decisions that were not lightly arrived at.") he cannot continue long in his present office. And the tragedy here, of course, is that nobody doubts for an instant that Donald Fleming was not acting on his own initiative or at the behest of his own conscience.

paedia Britannica, the 1959 edition,

"First passed in 1459, such bills were employed, more particularly during the reigns of the Tudor kings, as a species of extrajudicial procedure, for the direct punishment of political offences. Dispensing with the ordinary judicial forms and precedents, they took away from the accused whatever advantages he might have gained in



All parties, most Canadians, agree Coyne's usefulness as Governor is ended.



FAMILIAR, BELOVED AND SHARED POSSESSIONS, passing down through a family from hand to hand, give a sense of continuity to life.

The family heirlooms that you cherish, however meaningful, are only a small part of all you accumulate during a lifetime. What you have may include a home, savings, securities, insurance, valuables and belongings of every kind. All need the best possible care.

Royal Trust offers you skill and experience in administering your property, managing investments

and in planning for the years to come. You will enjoy the financial benefits of having your affairs in good order and the deep satisfaction of knowing your estate and your family will be in good hands.

This continuing relationship helps you build the good life and grows right along with your family for their future comfort and security.

THE
ROYAL TRUST
COMPANY

Do you know your British Woollens

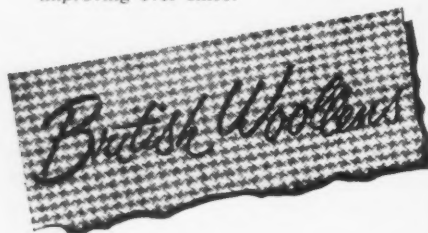


Worsted can't be bested!

We don't want to pull the wool over your eyes; we want to open them to the wide range of British Woollens. Worsted*, for instance, are unique among wool fabrics. They are woven from fine, long-staple wool mainly from Australia, South Africa and New Zealand. The wool is combed out before spinning so that the short fibres are removed and the long ones laid straight and parallel. This produces a strong, hard-wearing yarn that gives a smooth, even finish to the woven cloth. Worsted yarns are ideal for picking out the detailed designs in British fabrics and whatever the weather, there's a worsted weight for it.

Before you select your next suit, have a look at the variety of British Woollens available at your tailor's or clothing store. You'll find your best investments are worsted!

*Worsted gets its name from the town of Worstead in Norfolk, where the cloth originated 800 years ago. It's been improving ever since!



SPONSORED BY THE NATIONAL WOOL TEXTILE
EXPORT CORPORATION • BRADFORD • ENGLAND

Pearson's Proper Way

"The proper way is that we have a full parliamentary inquiry at which Mr. Coyne as well as the Minister, and members of the Board (of Governors of the Bank), if you like, could fully and freely present their differences, if any and (be) cross-examined. If that inquiry, which could be concluded very quickly — it need not take long — showed that there are legitimate causes for removal on the ground of misbehavior, then Parliament could and should take appropriate action to that end.

"That action, I suggest, should not take the form of this kind of bill. That action, I suggest would require two stages. First an amendment to the Bank of Canada Act, an amendment which we were told by the Minister of Justice (Fulton) not long ago would be required in this situation, to provide a procedure for removing the Governor similar to that contained in the Judges' Act, so that we could not have this kind of situation in the future. Then a joint address of both Houses with the full particulars which justify the removal of the Governor."

—Hansard, June 26

paedia Britannica, the 1959 edition,

"First passed in 1459, such bills were employed, more particularly during the reigns of the Tudor kings, as a species of extrajudicial procedure, for the direct punishment of political offences. Dispensing with the ordinary judicial forms and precedents, they took away from the accused whatever advantages he might have gained in

the courts of law; such evidence only was admitted as might be necessary to secure conviction; indeed, in many cases bills of attainder were passed without any evidence being produced at all.

"In the reign of Henry VIII they were much used, through a subservient Parliament, to punish those who had incurred the king's displeasure; many distinguished victims who could not have been charged with any offence under the existing laws being by this means disposed of."

Unless one can accept the confused and contradictory statements of the Minister of Finance, it appears, indeed, that Bill No. C-114 is similar to a bill of attainder. Not that it makes much difference to the outcome of the Coyne affair. All political parties, and probably most Canadians, are agreed that Coyne's usefulness as Governor ended some time ago.

But the manner of his removal has been wrong. It has in fact been wicked. It has brought the Parliament of Canada into disrepute and it has buried the prime reason for the whole affair: the necessity for a full national debate on Canadian economic policy.

Nor have its effects ended. For as surely as Coyne's fate has been sealed, so has that of the Minister of Finance. For while Fleming disclaimed personal responsibility ("Let me make it very clear, Mr. Speaker, that throughout this entire situation I have acted as the spokesman of the Government, on the instructions of the Government, carrying out the decisions of the Government, decisions that were not lightly arrived at.") he cannot continue long in his present office. And the tragedy here, of course, is that nobody doubts for an instant that Donald Fleming was not acting on his own initiative or at the behest of his own conscience.



All parties, most Canadians, agree Coyne's usefulness as Governor is ended.



FAMILIAR, BELOVED AND SHARED POSSESSIONS, passing down through a family from hand to hand, give a sense of continuity to life.

The family heirlooms that you cherish, however meaningful, are only a small part of all you accumulate during a lifetime. What you have may include a home, savings, securities, insurance, valuables and belongings of every kind. All need the best possible care.

Royal Trust offers you skill and experience in administering your property, managing investments

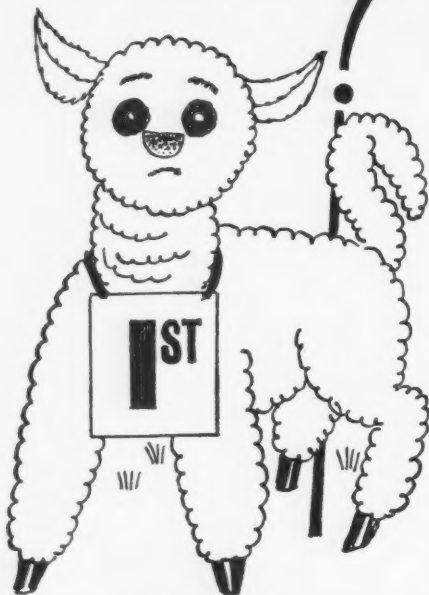
and in planning for the years to come. You will enjoy the financial benefits of having your affairs in good order and the deep satisfaction of knowing your estate and your family will be in good hands.

This continuing relationship helps you build the good life and grows right along with your family for their future comfort and security.

THE
ROYAL TRUST
COMPANY

WOOL GATHERINGS NO. 2

**Do you know
your
British Woollens**



**Worsted
can't be bested!**

We don't want to pull the wool over your eyes; we want to open them to the wide range of British Woollens. Worsted*, for instance, are unique among wool fabrics. They are woven from fine, long-staple wool mainly from Australia, South Africa and New Zealand. The wool is combed out before spinning so that the short fibres are removed and the long ones laid straight and parallel. This produces a strong, hard-wearing yarn that gives a smooth, even finish to the woven cloth. Worsted yarns are ideal for picking out the detailed designs in British fabrics and whatever the weather, there's a worsted weight for it.

Before you select your next suit, have a look at the variety of British Woollens available at your tailor's or clothing store. You'll find your best investments are worsted!

*Worsted gets its name from the town of Worstead in Norfolk, where the cloth originated 800 years ago. It's been improving ever since!



SPONSORED BY THE NATIONAL WOOL TEXTILE
EXPORT CORPORATION • BRADFORD • ENGLAND

Pearson's Proper Way

"The proper way is that we have a full parliamentary inquiry at which Mr. Coyne as well as the Minister, and members of the Board (of Governors of the Bank), if you like, could fully and freely present their differences, if any and (be) cross-examined. If that inquiry, which could be concluded very quickly — it need not take long — showed that there are legitimate causes for removal on the ground of misbehavior, then Parliament could and should take appropriate action to that end.

"That action, I suggest, should not take the form of this kind of bill. That action, I suggest would require two stages. First an amendment to the Bank of Canada Act, an amendment which we were told by the Minister of Justice (Fulton) not long ago would be required in this situation, to provide a procedure for removing the Governor similar to that contained in the Judges' Act, so that we could not have this kind of situation in the future. Then a joint address of both Houses with the full particulars which justify the removal of the Governor."

—Hansard, June 26

the courts of law; such evidence only was admitted as might be necessary to secure conviction; indeed, in many cases bills of attainder were passed without any evidence being produced at all.

"In the reign of Henry VIII they were much used, through a subservient Parliament, to punish those who had incurred the king's displeasure; many distinguished victims who could not have been charged with any offence under the existing laws being by this means disposed of."

Unless one can accept the confused and contradictory statements of the Minister of Finance, it appears, indeed, that Bill No. C-114 is similar to a bill of attainder. Not that it makes much difference to the outcome of the Coyne affair. All political parties, and probably most Canadians, are agreed that Coyne's usefulness as Governor ended some time ago.

But the manner of his removal has been wrong. It has in fact been wicked. It has brought the Parliament of Canada into disrepute and it has buried the prime reason for the whole affair: the necessity for a full national debate on Canadian economic policy.

Nor have its effects ended. For as surely as Coyne's fate has been sealed, so has that of the Minister of Finance. For while Fleming disclaimed personal responsibility ("Let me make it very clear, Mr. Speaker, that throughout this entire situation I have acted as the spokesman of the Government, on the instructions of the Government, carrying out the decisions of the Government, decisions that were not lightly arrived at.") he cannot continue long in his present office. And the tragedy here, of course, is that nobody doubts for an instant that Donald Fleming was not acting on his own initiative or at the behest of his own conscience.

paedia Britannica, the 1959 edition,

"First passed in 1459, such bills were employed, more particularly during the reigns of the Tudor kings, as a species of extrajudicial procedure, for the direct punishment of political offences. Dispensing with the ordinary judicial forms and precedents, they took away from the accused whatever advantages he might have gained in



All parties, most Canadians, agree Coyne's usefulness as Governor is ended.



FAMILIAR, BELOVED AND SHARED POSSESSIONS, passing down through a family from hand to hand, give a sense of continuity to life.

The family heirlooms that you cherish, however meaningful, are only a small part of all you accumulate during a lifetime. What you have may include a home, savings, securities, insurance, valuables and belongings of every kind. All need the best possible care.

Royal Trust offers you skill and experience in administering your property, managing investments

and in planning for the years to come. You will enjoy the financial benefits of having your affairs in good order and the deep satisfaction of knowing your estate and your family will be in good hands.

This continuing relationship helps you build the good life and grows right along with your family for their future comfort and security.

THE
ROYAL TRUST
COMPANY

Britain Joins the Common Market

by Donald Gordon

ACCORDING TO SOME optimists Prime Minister Harold Macmillan will formally confirm Britain's decision to seek membership in the European Common Market this month.

Like most such actions these days, his announcement is certain to be woolly and hedged with an exasperating number of qualifications and evasions. But inadequate as it may appear, it will in fact mark a clear-cut commitment.

In the political sense, it's a triumph for a strange coalition of left-wing Conservatives, right-wing Laborites, the Liberal Party and the monied echelons of city-based industry. After more than two years of bitter under-cover campaigning, they have convinced their colleagues that a swing to Europe is essential.

Among the literate, at least, they've even managed to push acceptance of the implications of political union involved in Community planning to the point where they no longer stir up immediate symptoms of total panic.

Surprisingly, in the wake of this month's spate of Commonwealth moans, the decision to join is not expected to bring about a Commonwealth economic crisis. In fact, the most competent assessments of the situation available now suggest that as far as trade is concerned all will be well.

The New Zealanders, the most vulnerable because of their meat and dairy products which compete directly with European members, have been assured of special consideration by Britain and the ECM nations alike. The African states are expected to make positive gains in markets and prices for their staple and raw material exports.

The Asians have been guaranteed a sympathetic welcome for their fledgling manufactures such as textiles and the general consensus is that the European nations are actually inclined to even more generous accommodation than has been the case with Britain on her own.

As for Canada, direct negotiations already have secured firm promises of competitive entry into Europe for manufactured goods and wheat. Raw materials—particularly aluminum, tin, copper, zinc, nickel and lumber—also

are assured easy entry regardless of the grouping.

"Our principal worry," concludes a Canadian economist fresh from studying the possibilities, "is that some specialized exports, previously duty free, may be affected. This could create pockets of industrial stagnation in Canada of the most vexing kind. And, in turn, this could have important political implications."

Similarly, diplomatic experts say emotions rather than facts pose the greatest potential headache for Canadians. They argue, in particular, that the abrupt turnabout involved in Bri-



PM Macmillan: Woolly and hedged.

tish ECM membership, marking as it does a sharp and unexpected end to the long cosy pattern of cultivation of Mr. Diefenbaker as the Empire Man, may trigger some blind reactions. Canada may find herself, under the present administration, turning as wildly anti-British as she has been pro.

Happily, in the business sense at any rate, there is already a strong beginning to the essential Canadian investment in UK branches designed to capitalize on ECM from the inside. Conservatively, it is estimated that \$200 millions was invested in Britain by 1958 and since then the rate is calculated at about \$40 millions a year.

Typical of the average firms (moguls E. P. Taylor and Garfield Weston being rather special cases on their own) is the York Trailer Co. of Corby, Northants which in five years has grown to the position of being one of Europe's major trailer manufacturers.

"We took the skills and the dollars to the point of sale instead of trying

to buck the premium and the high cost of labor," comments York's Managing Director F. W. Davies. "There's a lot of room for this approach over here."

Overall, Canadian government trade officers on the job in London report an average of more than 50 enquiries a week from firms interested in selling or setting up in the UK alone. For the Common Market area to be, this total hits better than 100.

"There's no doubt that some Canadian industry will be shaken," concludes one senior official. "But in a very short time, it's equally sure that products and methods can be combined to take advantage of the gaps in European production or meet the competition of European prices."

"Take refrigeration, for example. We can never hope to match the Europeans in producing a small and cheap refrigerator. But we've got them hands down in the bigger and more expensive models. In refrigeration and appliances generally, that's where we will have to concentrate our efforts."

Services will rank increasingly high too. Already General Steel Wares has found a ready market by opening do-it-yourself laundries in the UK—open 24 hours a day and equipped with GSW machines. It met an unfilled need and boomed, almost regardless of price.

The two and a half years of manoeuvring that lies behind the change in the official British attitude encompasses a variety of tales rich in drama and emotionalism. Like a particularly wily old trout, the diehards died hard.

It all began even before those tense sessions in Paris, in December 1958, where Anglo-European disagreements came so perilously close to permanence. (The atmosphere was typified by one session where France's Couve de Murville walked out, pale and spluttering with anger and was literally in the act of putting on his coat before American appeals persuaded him to continue at least the pretext of negotiations.)

First of all, the pioneers of the campaign had to start with basic education. Almost all the policy makers, certainly the majority in the Cabinet (including Macmillan and Sir David Eccles, then president of the Board of Trade), were firmly convinced first that ECM would

never materialize and secondly that if it did come about it would not work in any particularly impressive way.

They had in mind specific points involved in the Rome treaty that, at the time, seemed unacceptable and impossible. Clause 104, for instance, says that every member state should combine full employment, price stability and a proper balance of payments.

In 1958 in the wake of the just-announced devaluation of the franc and indications of difficult days to come on world markets, this seemed wholly utopian. Similarly there were doubts about provisions for migration of labor, integration of social welfare schemes and wage scales.

And at the same time, there was the wan British hope, based on a total ignorance of France's all-or-nothing attitude towards the market scheme, that some sort of half-way house could be negotiated. This, Macmillan and Co. thought, would make it possible for Britain to be partly in (industrial products mainly) and partly out (agriculture and Commonwealth preferences maintained intact) of a European system.

Jan. 1, 1959, dispelled those dreams. But, incredible as it seems now, the Whitehall brigade was still unconvinced. After a genuinely shocked pause (Treasury and Board of Trade officials concede privately that they were caught flat-footed both by the implementation of the Rome treaty and by its subsequent success), Britain started work on a second tack: The European Free Trade Association, first suggested publicly in May 1959.

It contained all the old sacred cows in a new dress. Essentially the aim was almost entirely strategic. The lumping together of the Seven, it was thought, would make it possible to force the burgeoning Six to pay attention.

A fat enough prize in terms of markets and tariff concessions would be offered either to win the same old concessions of half-in, half-out from the Six as a whole or, alternatively, split the Six apart (Germany especially has a big stake in Scandinavian markets) on the implementation of dangerous tariff changes seen on their way.

In London, the distinguished and suave briefing officers of the Treasury talked coyly of a "bridge" while their chiefs waited for bids from Bonn and Paris.

But no bids came and within the Six the process of digging in continued apace. Total ECM area trade increased by an impressive 10 per cent a year and within the area the number of companies with a positive vested interest in the ECM's existence reached irrevocable proportions.

By early 1960, it was clear even to the fanatics that Britain had to do something. Matters had reached the stage of a Great Debate. While Macmillan and his aides vacillated and temporized, the pros and cons of a direct approach to ECM membership were canvassed up and down the country.

In the simplest terms, supporters claimed these realities had to be faced:

(1) The Americans had ended the honeymoon period of Anglo-American co-operation. With Eisenhower and his muddy romanticisms gone, U.S. policy swung sharply over to recognize the greater strength of the Six.

Thus, by now they oppose EFTA, support the Six and no longer give any more than bare lip service to the "traditional" Anglo-American ties. Macmillan's last meeting with Kennedy is regarded as the clincher—according to insiders Kennedy virtually delivered a lecture to an aghast Macmillan who found himself unable to make more than debating points.

(2) No alternative to membership in the Six makes economic sense. Europe (the Six plus five or six other nations who are known to plan membership) accounts for a vital 22 per cent of British export trade.

The U.K. is already feeling the pinch of tariff discrimination. The other big trading partners (the Commonwealth and the U.S.) account for more total trade but in both markets competition from the Six is already being felt and increases in sales are unlikely.

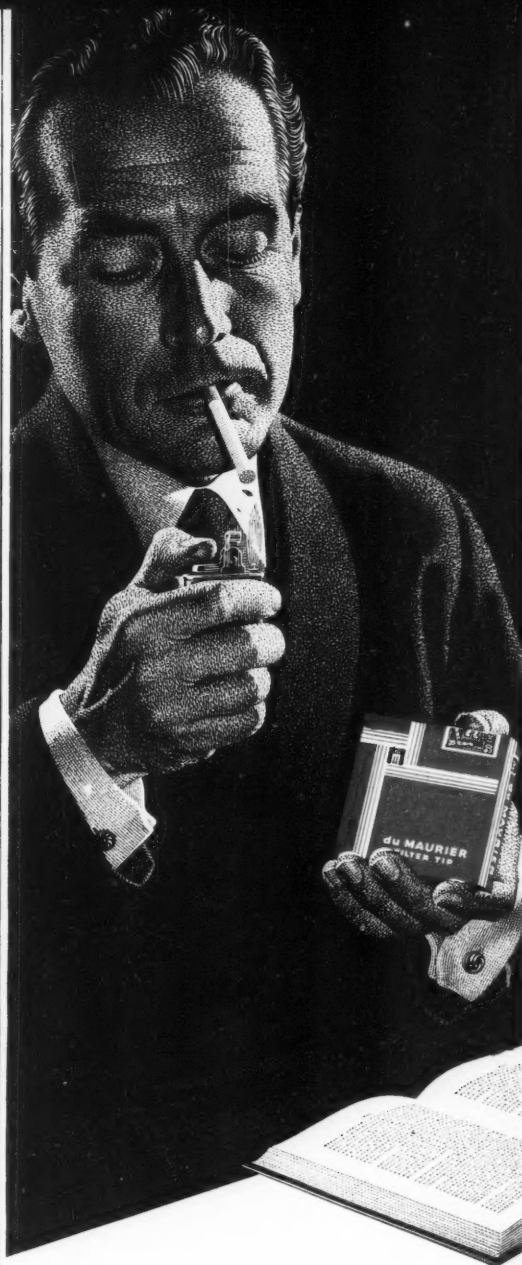
(3) Europe offers one of the few viable sources of capital and technological skills for industry. Investors and inventive resources will only be readily available to members of the Community.

(4) The Six have made it clear that no "bridge" will be accepted and bilateral deals will be based only on the assumption of eventual membership.

(5) British industry will move in whether the government does or not. Already an estimated \$500 millions of British capital have been invested in subsidiary plants within the present Common Market area. The only way to halt this outflow (with its accompanying loss of job opportunities in the U.K. itself) is to join and make such moves unnecessary.

(6) A realistic assessment of Commonwealth responsibilities and opportunities presupposes the kind of growing market for raw materials that the Six promises. The chances are that better terms can be secured with Britain inside directly affecting Common Market decisions.

(7) The possibility of a flirtation with the Soviet Union—seriously canvassed by supporters of traditional



there's
Something
Special
about

du MAURIER

- most effective filter tip yet developed
- choicest, extra mild Virginia tobaccos
- rich flavour, exceptional smoothness
- firmly packed for longer-lasting smoking pleasure

du MAURIER

A Really Milder High Grade Virginia Cigarette
with the EXCLUSIVE "Millecel" SUPER FILTER



Everything
you expect from
a fine cigar...



The finest vintage Havana tobacco, natural shade-grown wrapper, and the skills of the cigarmaker's art make House of Lords the ultimate in a fine cigar. And the rich flavour, fragrant aroma and magnificent mildness give you the ultimate in smoking contentment.

CORONA DE LUXE • GOLD STRIPE • LILIES
PETIT CORONAS • QUEENS • PANETELAS

British balance of power thinking — has been proven unworkable politically and limited in terms of trade.

(8) The Commonwealth represents automatic loyalties that can bear the strain of Common Market trifling. As one City seer puts it: "The Commonwealth needs our market and will buy our goods in return in order to keep it. We needn't fear any reprisals from that quarter."

Ranged against this empirical summation, assorted arguments—specious and legitimate—have been offered:

(1) Europe's potential is too limited. Its resources and population can't compare with the 650 million persons of the Commonwealth countries. It is therefore far more promising in the long term to seek to knit the Commonwealth more tightly together and make up for lost trade that way.

(2) Europe is politically unstable. As the fire breathing *Daily Express* trumpets: "It might well be that instead of Britain lending stability to the Continent, as President Kennedy is reported to believe we could, the Continent would bring instability to Britain."

Specifically, it's pointed out that de Gaulle and Adenauer are at best stop gap solutions, liable to disappear anytime, and no reliable successor is in sight (Berlin's Willy Brandt is regarded as somewhat of a question mark in view of his record of facile accommodations to ill-assorted causes).

(3) The terms of Common Market membership — calling for integrated social services, labor mobility and other policies of assimilation still would be as ruinous to British living standards as they were thought to be in 1958.

(4) Britain needs her best trained and most experienced personnel for her present responsibilities. Seconding them to ECM functions would hamstring important domestic and Commonwealth projects; sending second-raters to ECM would cost Britain heavily too.

(5) Tradition is all against this idea. The vast mass of public opinion holds fast to the ideals of British Sovereignty and Commonwealth. Any government consciously going against these powerful emotions cannot survive. (There's impressive weight in this irrational argument when one sees Britons discussing the issue. Even among the assorted MPs of the major parties, this emotionalism shows a disconcertingly strong grip.)

(6) Britain stands to lose more in world terms by associating with the ECM simply because it is the club of the rich colonial survivors. Multi-racialism, especially, would suffer.

And so the arguments raged. Then, this spring, some dramatic impetus was given to the whole issue. In Britain it-

self, more than 100 top industrialists and community leaders gathered together to issue an unprecedented public call for a government decision in favor of ECM.

Their specific turning point: ICI, the cherished giant of British industry, decided after repeated requests for guidance from the government, to cancel plans for a whopping \$150 millions addition to its plant at Wilton in favor of a direct investment inside the ECM.

And with sums of that magnitude starting to move there came an equally compelling movement of angry MPs from affected constituencies, irritated suppliers deprived of potential customers and ruffled union leaders worried about their livelihood. Added to the ever-growing number of export producers seeking a lead, they tipped the scales to the ECM.

All, then, that was left was to work out the ways and means. Ideally, Macmillan and his colleagues (a bare majority in Cabinet still) sought to get some sort of special deal. Initially it was in terms of concessions (agriculture and Commonwealth again), but this quickly met with convincing rebuffs from Paris through unofficial channels.

Then a formula was found. Full membership by next Jan. 1 on the basis of time considerations alone. From the British side the idea of a six-to-10-year phasing period during which ECM tariff and trade regulations would gradually be incorporated is being canvassed.

From the ECM have come counter-proposals for two or three years' phasing plus a declaration of intent to conform with ECM levels at the end of the break-in period.

Either way, it adds up more to administrative niggling than policy disagreement. So much so, in fact, that it's calculated now that, the ritual Commonwealth window-dressing tours completed, formal talks at the political level can get underway in late September, technical drafting can be disposed of in October-November and the ratified treaty signed in December.

Mind you, with all the confident talk, the battle isn't over yet. Despite the kiss-of-death support of Lord Beaverbrook, and the muddying of the waters by such Commonwealth debaters as Canada's George Drew, the opponents of ECM still rate as a large and powerful segment of influential British society.

Whatever the public policies in favor of entry, they won't agree. And they won't stop trying until the last T of the treaty is firmly crossed and implemented.



Crowded Parisian cafes are but one of outer, visible signs that France is enjoying healthy economic boom.

Troubled France:

A Nation Examines Its Conscience

by John Gellner

GENERAL DE GAULLE has ruled France—or at any rate, has directed her destinies, if “ruled” should be too strong a word—for three years now. The days of the honeymoon of the French nation with de Gaulle are over.

He is still respected by all, even by his most determined adversaries on the Right and on the Left. What is more important in terms of French political stability, he is still considered indispensable by most. But he is no longer thought to be infallible. By and large, father is now obeyed just because he is father (and one of truly Victorian stature at that), not because he is necessarily believed to know best.

This “humanization” of de Gaulle is undoubtedly a good thing insofar as it has removed what danger there was of dictatorship (which de Gaulle never wanted, of course, but which might have been thrust upon him by a majority satisfied to put their fate into the hands of Superman). It has had the less fortunate effect of depriving the nation of that sense of quiet self-confidence which was so strikingly apparent in 1959, and still noticeable last year.

It has now been replaced by general malaise and by irritation. To a foreign observer who has come to France in the summer of 1961 after an absence of one year, it looks as if civic morale

in the Fifth Republic were sinking again towards what it was in the Fourth.

There are no economic reasons, or practically none, for this universal uneasiness. In fact, the French never had it so good. The outer signs of economic boom are every bit as visible in France as they are in West Germany or Northern Italy (the areas generally considered the best advertisement for the success of the Common Market). There is a serious labor shortage; real wages are high; and a measure of prosperity is now enjoyed by most.

During a visit to a leading French aircraft factory, Nord Aviation at Châtillon, I got, in an indirect way, an insight into how good things are in France. A strike was in progress, one of those careful and annoying ones, during which the workers of different departments lay down tools in turn, for one hour each every day, so that the factory is at no time in full and coordinated production, but the workers only lose one eighth of their wages. There was some chanting of, “Plus de sous, Mazer” (M. Mazer is the President and General Manager of the company), after which those who were just then on strike assembled in front of the gates for some community singing.

I stepped to the window and listened to a French rendition of *Auld Lang Syne*. “These men do not seem to be

very angry”, I remarked. “Ten years ago, a strike was an ugly affair”, my host replied. “The men were hungry and they were dangerous. But now when they strike it’s because they want to exchange their cars for better ones”.

It is true that French agriculture has not had its full share of the general sharp rise of the standard of living. Just as everywhere else, the volume of farm production has increased—that of milk by 50 per cent, of some cereals even by 100 per cent in the last ten years—without corresponding expansion of markets. At the same time, the government is loath to follow the North American example of massive farm supports, partly because of internal fiscal reasons, partly because it is committed to the policies of free marketing within the Inner Six.

Only after considerable pressure did it submit to parliament an enabling law, the *Loi d’Orientation Agricole*, which would have allowed it, among other things, to establish parity prices for agricultural produce. But although the law was duly passed, in August 1960, not much was actually done because the government was uncommonly slow in translating it into practice. The French farmers thus undoubtedly have some cause for discontent.

Still, the open revolt that broke out in Brittany—the campaign, there, of

civil disobedience, with its violent interference with public administration and communications can only be called a revolt — is less an outburst of desperation than a sign of the ferment in French society. It is a symptom of the tinder-box atmosphere in which the country lives.

Very much more serious, but stemming in part at least from the same underlying uneasiness and irritation as the farmers' revolt in Brittany, is the latent unrest in the French armed forces. Its causes are largely misunderstood abroad.

One would think, for instance, after reading what most Western commentators have been saying about the uprisings in Algiers of January 1960 and April 1961, that it is simply a matter of politically naïve and undisciplined generals, egged-on by jingoist, ambitious younger officers, staging mutinies in order to maintain French rule in Algeria, and thus the privileges,

General Challe was Commander-in-Chief, Allied Forces, Central Europe, and thus held the post second only to that of Chief of the General Staff of National Defence among French officers, when he abruptly asked to be retired, in January of this year. He gave no reasons, not in public at least, but it is common knowledge that he felt that he could no longer actively serve a government of whose policies he disapproved.

Challe, who is only 56, could have enjoyed long years of comfortable and honoured retirement. He had no political ambitions — his old chief in Algeria, the former Delegate General, M. Paul Delouvrier, testified to that at the trial. Yet when it seemed to him that the then impending conference at Evian must result in a sell-out to the FLN, he felt compelled to throw away all he had earned in a lifetime of service.

He did it, not because he feared that France would abandon the Euro-

protected by the special statutes which the French have been trying to negotiate for the Europeans of Algeria at Evian nor by repatriation to France. They would be left to the small mercies of an embittered victorious FLN, of an FLN which already in the past has slaughtered in Algeria at least ten Muslims for every one European.

It is this dishonor which any knuckling-down to the FLN must bring on France which moved the retired general, Maurice Challe, to try to destroy the Fifth Republic in 1961 as he had helped to destroy the Fourth in 1958. It also motivated Major Denoi de St. Marc who, as acting commander of the 1st Parachute Regiment of the Foreign Legion, gave the *coup* its strong arm.

He told the Court that he still remembered how in Indochina the loyal Tonkinese were clinging to the trucks of the French Army and begging not to be left to the vengefulness of the Viet-minh. He did not want to be part of another betrayal in Algeria, one that would affect even more people whose safety France had guaranteed. After the St. Marc trial, incidentally, one of the military judges, General Ingold, Chancellor of the Order of Liberation, declined to sit further on the Court.

Thoughtful Frenchmen consider the punishment of the conspirators of April 22 as inevitable, and the sentences meted out as fair. But practically all with whom I talked sympathized with the condemned officers—and also showed relief when, on June 13, President de Gaulle rather abruptly broke off the Evian talks. These feelings are not contradictory to the obvious desire of the majority of Frenchmen to have done with the troubles in Algeria, a desire which was strongly expressed in the January referendum.

The latter was essentially a vote of confidence in de Gaulle, or perhaps just a means of saying: "We are sick and tired of the whole Algerian affair. You are the President. Do what you can to get us out of it". Even if the majority of Frenchmen should be prepared to approve surrendering to the FLN if there be no other way of shaking off the Algerian millstone (and this the referendum has by no means proved), a feeling of frustration and of shame would remain, and it would badly affect national morale.

I sensed this frustration in Frenchmen with whom I talked in the days between the trials of the Algiers conspirators and the adjournment at Evian: they hoped the talks would succeed; they knew, although they were reluctant to admit it, that positive results in Evian could only be achieved through giving in to the FLN; but somehow



FLN troops mustered for review: Ten Muslims slaughtered for every European.

so-called, of the French *colons*, there. Things would not be so serious if the reasons for the unrest in the Services were as simple as that. They go very much deeper and will thus be much more difficult to remove.

I for one, after having been in Algeria last year and in Paris this summer during the trials of the Algiers conspirators of April 22, 1961, am left with much respect and understanding for the motives of the rebelling officers. The trials, in particular, before a special military court, were apt to give any serious listener an insight into the spiritual turmoil in which some of the best in the French nation again find themselves.

The two great tragic figures of the April revolt in Algiers were General Maurice Challe and Major Denoi de St. Marc, who were sentenced to 15 and ten years of detention, respectively.

peans in Algeria (nobody ever believed that De Gaulle would do this), but that she would break her pledges given to millions of Algerian Muslims.

This is no sanctimonious excuse but something that motivates most conscientious officers in Algeria. It was under Challe's command, there, that the country was largely pacified through organizing the Muslim population to stand up against FLN terrorism. "The Army Will Protect You" was the slogan which made thousands of villages form their own self-defence units; brought in over 50,000 volunteer *harkis* who then became the most successful *fellagha*-hunters; in general, made millions of Muslims, and certainly the overwhelming majority of those in the rural areas, declare themselves if not always for France then at least against the FLN.

These trusting people would not be

they wished that they, too, could have the courage of a Maurice Challe and a Denoi de St. Marc.

Neither the sentencing of the mutineers nor the "purge" which is under way now (it is being officially denied, but no other interpretation can be given to the decree of June 7 on the dismissal or premature retirement of officers) will soothe the unrest in the armed forces. In the Assembly, M. Mesmer, Minister of Defence, admitted frankly that "it is necessary to re-establish (their) unity", which apparently is to be done by a combination of combing-out, indoctrination, and pay increases.

In this connection, it is well to keep in mind that what France has now are revolutionary armed forces imbued with the ethos of fervent, romantic patriotism which de Gaulle gave them under the symbol of the Cross of Lorraine. They have been moulded by men who revolted against their legal government in 1940, and who did it again on May 13, 1958 thereby bringing their idol, de Gaulle, to power.

To put the interest of France before loyalty to political masters is the basis of the new creed which transformed the spiritless Services of 1939 into the first-class fighting forces of today. They will hardly be changed again into mute servants of the government of the day (if indeed this were now the intention), not even by draconic measures. Most Frenchmen would consider this undesirable, anyway, even though they may wince at the thought of what their grim generals and cocky colonels will do next.

One thing could cure all ills: a clear vindication of de Gaulle's Algerian policy. It would indeed be a miracle if this came about, for there is no basis for a compromise with the FLN, and the time has long passed for creating an "Algerian Algeria" without the FLN. These two flat statements, incidentally, do not describe the situation as it has developed recently but as it has existed for quite some time now [see, SN of August 6 and August 20, 1960] where these same points were also made.

Briefly, the FLN cannot accept any solution other than a straight transfer of power to it, because its position in Algeria rests on it being a *fighting* revolutionary force (it can thus as little agree to a peaceful political struggle preceding a national referendum as, for instance, Tito could ever have accepted a canvass of public opinion in Yugoslavia, in 1945), and because, in any case, it is no longer a free agent. The two most powerful men in the GPRA (the Algerian Revolutionary Government with its seat at Tunis) are

Gen. de Gaulle: Algerian strife ended days of honeymoon for French nation.



Challe: "The Army Will Protect You".

Boussouf and Ben Tobbal, who both belong to the aptly named "Chinese group".

Ferhat Abbas, a latecomer with a record of political opportunism, seems to be no more than a respectable figurehead. Krim Belkacem, who led the FLN delegation at Evian, has great prestige as the last of the nine "historical chiefs" of the rebellion who is still living and free, but his real power has clearly been on the wane since Mao Tse-tung has replaced Nasser as the great mentor of the FLN. In Evian, not he or the lawyer Boumendjel (who was ostensibly Krim's deputy), but the two majors, Kaidi Slimane representing Boussouf, and Ali Mendjel representing Ben Tobbal, called the tune for the rebel side.

Boussouf and Ben Tobbal clearly wanted to make of Evian another Panmunjon. Negotiations were to be drawn out endlessly, while violence continued (the cessation of hostilities unilaterally proclaimed by the French was answered by the FLN with stepped-up terrorist activity in Algeria and Metropolitan France and with more attempts to breach the Algerian frontier barages) and the morale of the other

side was sapped.

De Gaulle may have foreseen that this would happen. At least did he not allow himself to be caught in this special type of Chinese torture. Still, by sitting down to negotiate with adversaries who could not rightly be expected to deal in good faith, he gave them the propaganda trump of being able to say that the French are now refusing to continue to talk peace.

As to finding responsible Muslims, unconnected with the FLN and capable of assuming leadership of an "Algerian Algeria", this would have been possible in 1958 immediately after the overthrow of the Fourth Republic, and perhaps as late as the Fall of 1959 after the military victory over the rebellion inside Algeria. The "barricades" of January, 1960, which signalled the emergence in Algeria of European extremism on the FLN pattern, and above all the recognition of the GPRA as a partner in negotiations on the future of Algeria, have dashed what chances there were of forming a viable Algerian government in opposition to the FLN. Few men can now be interested in the position of an Algerian Bao Dai, and certainly nobody of any consequence.

Frenchmen are well aware of the apparently insoluble dilemma with which they are faced. They are a proud people, and they have reason to be proud of their achievements, in the past and today. After years of humiliation, de Gaulle's gospel of the greatness of France, has made them raise their heads again. Now French pride and French self-confidence are once again in danger of receiving a cruel jolt.

I said in the beginning of this article that one can sense in France today a general uneasiness and irritation. These are signs of the troubled conscience of a great nation, great because it still knows what it owes to the world and to itself.



Television

by Mary Lowrey Ross

Decline of the Parent-Image

DURING THE DAYLIGHT hours, television is largely given over to the three-to-twelve age-group, and to housewives whose mentality is assumed to be close to the junior level. From seven till nine, however, the teen-agers take over; and this is a period the wise adult would do well to avoid.

Teen-age comedy began in the movies with the Andy Hardy series. Andy still turns up occasionally to haunt the late late show, and you have only to examine these early ventures in domestic comedy to realize how alarmingly the parent image has deteriorated under television.

Father Hardy, as played by the late Lewis Stone, never relaxed from his patriarchal role. He was the one who allocated, and frequently withheld, the pocket money, assigned the household chores, regulated the love affairs and the use of the family car, and heartened the fluttering Mother Hardy in moments of crisis.

The good Judge's decisions were accepted by his family as implicitly as though they had been rulings from the bench. He never descended to Andy's level. He was a fine, kindly, ceremonious, slightly stuffy paterfamilias, and television has long since wiped him out and substituted the teen-ager as the symbol of authority.

Thus when Danny Thomas comes down with a toothache, it is his young



"Dennis the Menace"

son who lectures him on oral hygiene and the painlessness of modern dentistry, and it is the convulsively twitching Father Danny who is finally dragged and bullied into the dentist's office and consoled with a lollipop when the ordeal is over.

Dennis the Menace, who began life as a comic-strip nursling, has grown like a bottle-imp under television and



"Bachelor Father"

now dominates both his parents and a considerable portion of the network. It is Chip, the youngest member of the family in *My Three Sons*, who instructs his widowed father (Fred MacMurray) on how to deal with an aggressive female charmer.

And so it goes as one domestic comedy merges into the next, with little more than a change in commercials to mark the transition. The man-to-man talks that were once a popular feature of the Hardy series have long since disappeared. It is Junior now who talks to Dad, and generally leads the discussion.

The female teen-ager, though less vociferous than her male sibling, is equally formidable. The heroine of *Bachelor Father*, for instance, is a born operator who gets her way by indirection and cunning. Her guardian, Uncle Bentley, a figure moulded out of pure gelatine by the script-writer, doesn't dare oppose her manoeuvres openly.



"The Danny Thomas Show"

Instead he delegates one of her teen-age admirers to slap his charge down.

Father and Mother Stone, of the Donna Reed show, are equally helpless in the hands of their young. When daughter Stone, dazzled by a week-end with a wealthy class-mate, discovers that her parents have invited her young hostess back for a return visit, she rushes off to the neighbors to borrow a pair of sterling silver candle-sticks and a set of monogrammed dinner napkins.

Do the Stones briskly send these contributions back and announce that the family will eat as usual by electric light and use the customary paper substitutes for napkins? Not at all. Mother meekly spreads the table with the borrowed splendors, pointing out that it's lucky the Stones and the neighbors have the same initial.

Since most of television's domestic situation comedies sound like the type of magazine fiction that is picked up at the checking-desk in the supermarket, it is possible that these hard-eyed adolescents exist only in the imagination of script-writers. Myself, I would rather live in a bomb shelter, along with Judge Hardy, or even Father Day, than in a wide, ranch-type bungalow with today's television teen-agers, fiercely demanding status-symbols.

A recent incident in *The Real McCoys* had granddaughter McCoy turning up at the McCoy farm in the company of a pair of town-girls who were pledging her to a sorority. Confronted by the family jealousy, Granddaughter explained hurriedly that Grandpa made a hobby of collecting old models.

"I drive the danged thing!" Grandpa squeaked indignantly.

Most of the time, admittedly, Grandpa McCoy is a garrulous old bore. But if he is a voice from the past, he is at least the only voice that manages to make itself heard above the current clamor of television's adolescents.

Ottawa Letter

by Raymond Rodgers

Royal Commissions and Coyne

THE ROYAL COMMISSION on Canada's Financial Structure and Institutions will have very broad terms of reference, ranging from the "financing of the Canadian economy" through to the "Bank of Canada" and right down to the "development of savings institutions." These intentions were announced by Finance Minister Fleming on June 20, at which time he stated that:

"The last major study was made by the MacMillan commission in 1933. The Canada of that day was a much less mature country than the Canada of today, and the world in which she found herself was vastly different."

Maybe. But a reading of the MacMillan Report demonstrates the old saying that the more things change, the more they remain the same. "Canada presents a number of prominent economic characteristics which determine the special nature of her financial problems. These characteristics are mainly:—

- Excess production in relation to population;

- Dependence on international trade;

- Specialized production and local diversity;

- Heavy cost of development;

- The burden of debt, internal, and external;

- Relative economic instability." Given these circumstances, the MacMillan Report went on to suggest that our financial system should:—

- "Be accommodated to the great seasonal variation in volume of business;

- Possess sufficient strength to withstand the vicissitudes of the highly specialized regions of the country;

- Provide for the financing of external trade;

- Assist in providing the mechanism requisite for borrowing at home and abroad;

- Possess instrumentalities for the exercise of a measure of control over (a) domestic speculative tendencies and (b) foreign exchange rates;

- Be in a position to participate in

international co-operation regarding financial policies which may affect the world prices of Canada's exports, and other matters."

But enough of generalities. The main upshot of the MacMillan Report was the creation of the Bank of Canada—and what was said then turns out to be of the greatest interest today. The MacMillan commission consisted of three Canadians and two British.

The British and one Canadian recommended the creation of a central bank. They also specified what type of bank they wanted and quoted approvingly a resolution of the International Economic Conference of Genoa, 1922: "Banks, and especially banks of issue, should be free from political pressure, and should be conducted solely on lines of prudent finance."

One of the dissenting commissioners, a French-Canadian, opposed the creation of the Bank of Canada on the grounds that "this Dominion was organized as a federation of provinces on the basis of a decentralization of legislative powers" and that "matters of banking and currency on the one hand, and of property and civil rights on the other hand, are interpenetrating and overlapping."

Without constitutional change — no Bank of Canada!

The other dissenter, an English-Canadian, wanted the government's Treasury Board to do what the Bank of Canada now does and, nearly three decades ago, took a slap at the J. E. Coyne of 1961:

"The managers of Reserve institutions are no wiser than other financiers and possess no greater insight into conditions or prescience as to their outcome than the general mass of contemporary businessmen. The assumption that supermen may be found who can diagnose an era and wisely control expansion or contraction of credit (save in financial centres such as London) is not in my view well-founded."

This commissioner's economics are aptly summed up by his observation that "the main trouble of the world"

is the absence of a "return to the gold standard."

Now back to the main body of the Report: "It is easily possible to expect either too much or too little of central bank action. A central bank is at the same time an instrument and a force. As an instrument it is the means by which the state . . . can give effect to the national policy. As a force the central bank has certain powers in its keeping which can be used to achieve the ends of national policy."

"The functions discharged by a central bank being of such vital importance to the economic and financial life of a country, it is perhaps natural to ask whether they could not be adequately performed by some direct organ of government. It has in practice been found that a central bank can give most effective service to the community if it is free from the fear of interference for political ends in operating the delicate mechanism of the national monetary and financial machine."

In these two preceding paragraphs we see the great ambivalence of a central bank. On the one hand, the Bank of Canada is the instrument of the state — Parliament, and through Parliament, the government. On the other, it has to protect the state from the possible excesses of the government party of the day—from "funny money" and electioneering manipulations of what might be called "immediate prosperity".

In recent months and years there has been much confusion as to who has ultimate responsibility for monetary policy. Much of the confusion has been semantic, depending on what is meant by the word "monetary".

A major devaluation of the dollar is monetary policy. So is the principle that the money supply should be adequately handled from day to day. Clearly, the former is not within the power of the Governor of the Bank of Canada; equally clearly, the latter is.

Responsibility for monetary policy cannot be totally thrust on either the government or the governor of the Bank of Canada. There is a necessary division of powers and a vast overlapping between the two of them. Thus it is essential that neither one nor the other go too far afield from what is considered "sound finance".

History will probably look back on the events of recent months and conclude that, in fact, neither Coyne nor Fleming have gone "too far afield" in matters of monetary policy. Thus, the question is reduced to whether or not Coyne behaved properly in his general deportment as Governor of the Bank of Canada.

MEET A MAN

"AT HOME" WITH

FOREIGN AFFAIRS



All across Canada you'll find businessmen with business interests beyond our own borders. Many of these men will agree that one of the wisest decisions they ever made, was to pay a visit to the people at Toronto-Dominion.

You'll agree too, when you meet people like Edward de Guelle. Ed is the Assistant Manager and Chief Exchange Trader of the Bank's International Division in Toronto. With nearly 21 years banking experience, including 10 years specializing in foreign affairs, he's well qualified to help you with any financial problems you may have.

But the important thing to remember is that Ed's service goes far beyond things financial. He is a businessman-banker who understands and appreciates *all* the problems involved in foreign banking and business transactions. He is a man who can help you avoid costly mistakes.

Ed is one of many Toronto-Dominion specialists. They are all sincere, conscientious men who take a genuine interest in you and your business problems. Make it a point to meet one of them soon. You'll be delighted when you discover how much...

PEOPLE MAKE THE DIFFERENCE AT

THE TORONTO-DOMINION BANK

THE BANK THAT LOOKS AHEAD

L-2891A

The government's main objection to Coyne will thus turn out to be the fact that he has made speeches opposing the government in related fields, such as fiscal policy. Here again, no hard and fast line can be drawn. Coyne's counterparts in other countries also make speeches.

Some of them, like those of Lord Cobbold, Governor of the Bank of England, are more guarded. Others, like those of Germany's Blessing, are — as Coyne says — "pretty damned outspoken." Martin of the U.S. Federal Reserve has not hesitated to make proposals unacceptable to Kennedy.

The point to note is that these speeches are "proposals"; except in technical matters affecting central bank operations, the speechmakers offer no threat to government *action*. Few listeners would be naive enough to confuse government *power* with governors' proposals. Nevertheless, such speeches can be embarrassing to an elected government and the consensus in Ottawa is that Coyne went "too far".

But given this conclusion, the government lost its head. The wise thing would have been to have waited until Coyne's retirement in December; or at least to have brought in the budget and then let Coyne decide whether or not he could work with it.

If he could not, then he would have been able to resign. If he refused to resign, parliament would have been able to call him as a witness in committee in order to state his reasons. After that, no more would have been heard from Coyne — at least, not as Governor of the Bank of Canada.

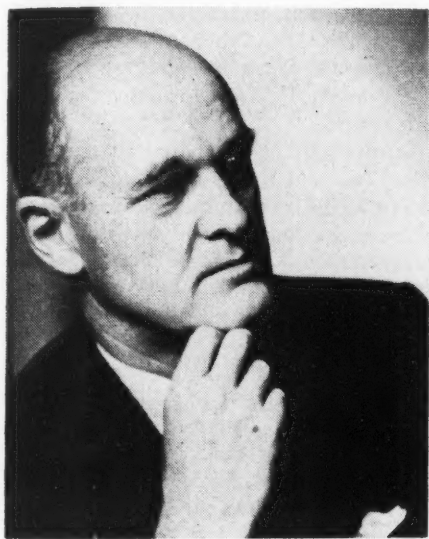
Instead, the government chose to call for his immediate resignation — even before the budget. To implement this call, they introduced what can properly be called a "bill of attainder" whereby the "accused" can only plead his cause by press release outside the High Court of Parliament!

But the government does not see things that way. It alone is not to blame either. Canadians are, perhaps, overly-sensitive people. We have little patience for eccentrics and the government is reflecting a common Canadian failing. Coyne's eccentricity is that he believes Canada's condition calls for neo-mercantilism. Thus we have Tudor politicians out to scalp a Tudor economist.

Assuming that the Commissioners of the new Royal Commission are good Conservatives, it would be reasonable to guess that within a few years we will be told Coyne was right. But his name will not be used to identify the principles in question; the term will be "those principles set forth in the Budget of 1961."

Books

by R. T. C. Whatmore



George Kennan: Ignore at peril.

NOW THAT PRESIDENT Kennedy has emerged from his first encounter with Khrushchov unscathed and apparently undaunted by the differences which divide them, it can be taken for granted that it will be the task of his professors to chart new courses in the Cold War. In the wake of the recent setbacks in Laos and Cuba, military action of any kind will probably only be envisaged as a last-ditch expedient and the emphasis will be on new diplomatic initiatives.

Their task is particularly difficult because the area of manoeuvre is so small. Each plan must take into account the peculiar sensibilities, attitudes and biases of their allies, not to mention possible Congressional opposition. They will have to reckon with General de Gaulle's concept of French destiny, West Germany's almost exclusive preoccupation with Berlin, Prime Minister Diefenbaker's ambivalent attitude to the policies of his southern neighbor and Great Britain's absorption in the problems of her economy.

This list could be almost endless, but the problem, in general terms, is that in spite of the bitter lessons of two world wars and a network of alliances, the countries of the West are still hopelessly divided as to how to face the advance of Communism. Each is preoccupied with its own domestic problems: all stress different priorities in their approaches to Cold War strategy

Will the West Ever Learn?

and most blithely assume that the United States should shoulder 90 per cent of the burden and 100 per cent of the cost.

By contrast, Khrushchov's task seems almost easy. Facing these divided nations, who so obligingly insist on parading their differences in public, he will sit down with his advisers and dispassionately plan his next move against the weakest link in the Western armor, taking into account no doubt the views of the Chinese and informing, perhaps, the Eastern European governments. Once more the initiative will lie with the Communists and they will present a seemingly united front to their opponents.

Western Soviet experts may infer from the particular position which Mikoyan occupies at the May Day parade that he favors a somewhat softer line than Khrushchov. But, even if this were true, it would not affect the execution of the decision in the same way as it might have, if General de Gaulle had opposed an American suggestion.

This is not a new situation. The inability of the Western democracies to agree on long-term diplomatic strategy and the short-sightedness of most of the aims upon which they have managed to hammer out some sort of agreement, has been the chief factor in raising the Bolsheviks from the uncertain gropings of 1917 to the pinnacle of international success which they now enjoy.

The course of this rise has been carefully and able traced by George F. Kennan in his new book *Russia and the West*. The "Russian problem", as too many people think of it to-day, is something which suddenly and mysteriously appeared to blight the prospects of a lasting peace at the end of the Second World war. While it is true that the spectacular gains which she made as a result of the war and the elimination of Nazism as a potent

menace, focussed Western attention exclusively on the Russians, the "problem" had been with us since the Bolshevik victory in 1917.

At that time Lenin stated unequivocally, and in far harsher terms than Khrushchov ever uses, that Communist Russia was the implacable enemy of the Western democracies. From that moment to this the response to the challenge has been confused, punctuated recently with spasmodic bursts of shrill alarm.


Kennan tells with consummate skill of the chaotic Allied intervention of 1918, about which modern Soviet historians now make such great play and of the subsequent attempts to deny Russia the benefits of trade with the Western world. This manoeuvre and the harsh peace and cavalier diplomatic treatment imposed on the Germans drove these two — very unwillingly in the case of the latter — into the awkward embraces of the Treaty of Rapallo.

From then on the Powers equivocated in their attitude towards the Russians until the depression persuaded them to extend trade credits more or less indiscriminately. The thirties saw Russia concentrating on building up her industrial strength and directing the bulk of her propaganda against Hitler — then with a cynical change of course came the Non-Aggression Pact.

Two years later Russia and the West were allies and once again Russia was able to achieve her end by Western default. Apparently unable to see beyond military victory and naive in their assessments of Russian policy, the Western leaders allowed Stalin to exact an enormous price for his temporary co-operation.

This is the point at which Mr. Kennan's book properly stops.

Of course, things have changed since 1945. Khrushchov's approach to relations with the West is very different from that of Stalin and resembles more


JUNE 19 SEPT. 23
STRATFORD
FESTIVAL
CANADA

Three plays by William Shakespeare
 Paul Scofield Douglas Campbell
 Bruno Gerussi Eleanor Stuart
CORIOLANUS
 Douglas Campbell Douglas Rain
 Kate Reid
HENRY VIII
 Paul Scofield John Colicos
 Jack Creley Zoe Caldwell
LOVE'S LABOUR'S LOST
 and
 A New Canadian Comedy
THE CANVAS BARRICADE
 Directors:
 Michael Langham, George McCowan
THE PIRATES OF PENZANCE
 Directed by Tyrone Guthrie
WEEK-END CONCERTS
 Glenn Gould, Leonard Rose,
 Oscar Shumsky
INTERNATIONAL FILM FESTIVAL
 FOR COMPLETE BROCHURE WRITE TO
 FESTIVAL PUBLICITY OFFICE,
 STRATFORD, ONTARIO



EXPORT
 PLAIN OR FILTER TIP
 CIGARETTES

closely the attitude of Lenin. "It was possible, if one had the wit and brutality to fall in with the tone of Soviet discussion, to talk about them (the differences) with the Soviet leaders, and to obtain at least some clarification as to where things stood", says Kennan of the Lenin era, and the same is broadly speaking true to-day.

But the basic problem remains and Kennan offers no short cuts or blue-prints for its solution. What he has provided us with is an invaluable analysis of how Russia has profited from the mistakes and ineptitude of the Western allies in the past. It is an analysis with a particular relevance in the situation of to-day and we ignore its lessons only at considerable peril.

Russia And The West, by George F. Kennan—*Little-Brown*—\$6.50.

Conflicts and Values

IN RECENT YEARS many Canadians have affected to be horrified by the unjust treatment of Africans both within and without the Commonwealth. While condemning injustice in Johannesburg and Montgomery, most of us have remained ignorant of the plight of the Indians and Eskimos in our own country.

All who care about the Indians of Canada will welcome Forrest La Violette's new book on the conflict between the native cultures and the Protestant ethic in British Columbia. In *The Struggle for Survival* Dr. La Violette discusses this conflict in terms of three interwoven themes: potlatch law, the land question, and the rise of economic groups.

In unusual degree La Violette combines an exacting historical analysis with a sensitive awareness of moral values. His book makes it clear that, for generations, Canadian legislation involving Indian affairs has systematically ignored the basic values of the Indian cultures. While it is ostensibly concerned with the Northwest Coast, its findings have application to Canada as a whole.

Today many whites who are aware of what has been going on, as well as the Indians themselves, are challenging as never before the justice of disregarding the rights of the first occupants of this country.

This book deserves to be widely read. It also deserves to be taken seriously by all those who initiate and administer governmental policy affecting our Indians.

J.A.I.

The Struggle for Survival, by Forrest E. La Violette — *University of Toronto Press* — \$5.50.

Man and Superman

EVEN DURING his lifetime, the biographies of George Bernard Shaw occupied almost as much space on the shelves of public libraries as the works of Shaw himself, prodigious writer though he was.

No life in modern times has been more exhaustively documented, and no one has submitted to publicity with better grace or turned it to livelier uses. Shaw the personality was always available to the press when it was necessary to promote Shaw the dramatist, Shaw the prophet, or simply Shaw the propagandist.

Everything about George Bernard Shaw was on the extravagant scale — his wit, his talent, his knowledge, his vitality, the paradoxical quality of his temperament. He was moralist and gadfly, prophet and bottle-imp, a puritan who lived a life of high gaiety and good sense.

He was usually brilliantly right in his conclusions, but he could be sensationally wrong, and in either position he never failed to exacerbate large sections of the public. Endlessly garrulous, he was almost never dull. So it is little wonder that he was the darling of biographers.

"If a biographer shows what manner of man his subject was, it doesn't matter a straw if every line in it is inaccurate," he once pointed out to Hesketh Pearson, author of *Bernard Shaw, His Life and Personality*.

Pearson, a conscientious biographer, couldn't be content to work on this shaky premise. A tireless researcher, he published the first part of his life of Shaw in 1941, brought it up to date, always with the willing collaboration of his subject, ten years later, and has now published the complete story, which was checked and re-checked by Shaw himself during his life-time.

Since Shaw was rarely silent on the subject of himself and Pearson was an assiduous listener, the result may be taken, literally, as a speaking likeness, accurate in every line.

Most of the events and witticism recorded here are already familiar — inevitably, perhaps, in a life so closely chronicled. But the incidents are still lively and most of the witticisms are worth repeating. In his note to the final edition, Biographer Pearson points out that his intimate collaboration with his subject enabled him to make the story "as much like an autobiography as a work written in the third person can be".

The claim is justified since the book is filled almost from first to last with Shaw's extraordinary vitality and gaiety. It is only at the end that the story takes

on an almost ecclesiastical note of pessimism. For Shaw's early ardent Fabianism had hardened into a faith in totalitarianism which he was too stubborn to surrender and too old, at the last, to recognize in all its monstrous implications.

Desire had failed, and the mourners in every country went about the streets. Hesketh Pearson has recorded the story faithfully, down to the last falling note. It makes an admirable documentation of both a man and an era. M.L.R.

George Bernard Shaw, His Life and Personality, by Hesketh Pearson — Ryerson — \$10.

Yesterday's Hero

The Richard Harding Davis Years, as Gerald Langford calls his book, were from 1864 to 1916 and, although this period is an important one in American history, the splendidly resonant name of Richard Harding Davis is now almost forgotten.

And yet to the new industrial middle class of the time, he was a legend. He was, as Booth Tarkington put it, the *beau ideal of jeunesse dorée*. They marvelled at the way he calmly bestrode the world sending back vivid reports of the wars and great occasions of the time, casually tossing off novels, short stories and Broadway hits in between times. They admired his *savoir vivre*, the forceful good looks, the driving energy and the well-cut clothes.

However, the more sophisticated critics were not bemused by this glamorous image and consistently berated his literary and theatrical efforts, characterizing his work as that of middle-aged boy scout and a mental sophomore. The limbo to which he has been consigned and the few passages quoted in this book certainly support the verdict of the critics.

But, as Gerald Langford rightly points out in this workmanlike biography, Davis' importance lies in the fact that he shaped the tastes of the new urbanised middle class, which was in some ways so uncertain of itself at this time. However the author is less successful in his attempts to pierce the aura of glamor and discover the man.

Apart from the obvious fact that he was dominated by his mother for much of his life, there is little that can be deduced from the available evidence. In spite of every effort, Richard Harding Davis remains as he appeared to his more perceptive contemporaries — an imposing facade. R.T.C.W.

The Richard Harding Davis Years, by Gerald Langford—Winston—\$6.25.

Corby's

SINCE 1859

Undoubtedly the
LIGHTEST of
all full strength
whiskies...



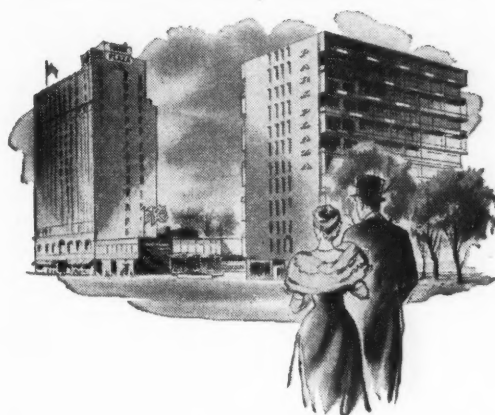
Corby's

VERY LIGHT

CANADIAN WHISKY
AGED 6 YEARS



BUY CORBY'S AND YOU BUY CANADIAN



In Toronto the Park Plaza...of course!

Enjoy elegance without extravagance in the Plaza's fine Dining Rooms, Restaurants, Cocktail Lounges and the Roof Bar. 500 luxurious outside rooms, each with private bath. Singles from \$10... Doubles from \$12.

The Park Plaza Hotel

BLOOR ST. AND AVENUE RD., TORONTO

For reservations telephone 924-5471,
or see your travel agent.

PA-81

Chess

by D. M. LeDain

CONFOUNDING expert opinion, 49 year old challenger Mikhail Botvinnik regained the world title by defeating young Mikhail Tal by 13 pts. to 8 (10 wins, 5 losses, 6 draws) in their return match at Moscow. His second recovery of the title after an earlier defeat by V. Smyslov in 1957. The feat sets an historic record. His initial win came in 1948.

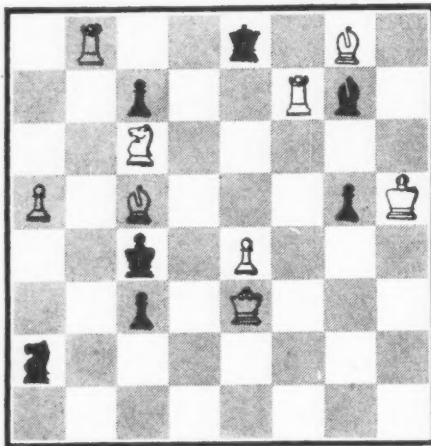
White: M. Botvinnik, Black: M. Tal.

1.P-Q4, Kt-KB3; 2.P-QB4, P-KKt3; 3.Kt-QB3, B-Kt2; 4.P-K4, P-Q3; 5.P-B3, QKt-Q2; 6.B-K3, P-K4; 7.KKt-K2, Castles; 8.P-Q5, Kt-R4; 9.Q-Q2, P-KB4; 10. Castles, P-QR3; 11.K-Kt1, QKt-B3; 12. PxP, PxP; 13.Kt-Kt3, Q-K1; 14.B-Q3, KtxKt; 15.PxKt, P-B4; 16.B-R6, Q-Kt3; 17.P-KKt4, P-Kt4; 18.BxB, KxB; 19.R-R4, KtPxP; 20.B-B2, P-R3; 21.QR-R1, Q-Kt4; 22.QxQch, PxQ; 23.R-R6!, PxP; 24.PxP, BxP; 25. R-Kt6ch, K-B2; 26. R-KB1, K-K2; 27.R-N7ch, K-K1; 28.Kt-K4!, Kt-Q2 (if KtxKt; 29.B-R4ch); 29.KtxPch,

K-Q1; 30.RxRch, KtxR; 31.KtxP, B-Q2; 32.R-B7!, K-B2; 33.P-Q6ch, Resigns.

Solution of Problem No. 274 (Fuchs), Key, 1.K-B1.

Problem No. 275 by A. Ellerman.
White mates in two moves. (9 + 7)



It's Dogged Does It!

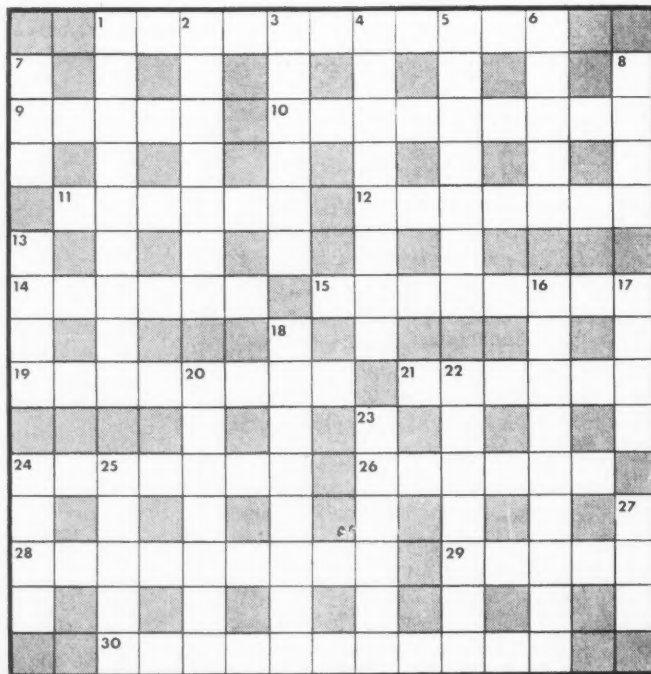
by Louis and Dorothy Crerar

ACROSS

- 1, 24. It's the kind thing to do if your pets are 19. (3, 8, 4, 3)
- 9 Try this for a change about five. (5)
- 10 This soldier 4 of his own free will. (9)
- 11 The Maple Leaf carries me back first and last. (6)
- 12 One may expect an ass to render them badly. (7)
- 14 To serve father a dish with this in it might give him a raw deal. (6)
- 15 A hundred made certain that the guilty were. (8)
- 19 One might expect a greyhound to be after several 29. (3-5)
- 21 Does one get in a pet eating this? On the contrary. (3-3)
- 24 See 1A
- 26 All in when tired? (6)
- 28 Doing this in time is said to save quite a number. (9)
- 29 See 19. (5)
- 30 A lot of old bones do — but for goodness sake don't follow suit. (2, 2, 3, 4)

DOWN

- 1 See 3
- 2 What fictional horror does, makes one sick inside. (7)
- 3, 1D. Did the girl friend who got in a pet, make this condition? (4, 2, 4, 2, 3)
- 4 See 10. (8)
- 5 When the team goes on a bat, as it were, intoxicants are mixed at the hotel. (7)
- 6 A Dane one couldn't help but deign to notice. (5)
- 7 Work? Not on this day! (3)
- 8 And the man followed them in a G.B.S. play. (4)
- 13 Well, this is no way to describe a mongrel. (4)
- 16 A communist head shows anger at getting so little Canadian money. (9)
- 17 See 25 (4)
- 18 Did Arnold give his name to a liqueur? (8)
- 20 Moonshine is, except for dreamers. (7)
- 22 In Canada there's sunshine here, and rain too, for a change. (7)
- 23 The little dog that can hold the big bird. (6)
- 24 The head and tail of a dormouse is enough to take at one time! (4)
- 25 This to the 17 is what one is doing who intends to 30. (5)
- 27 One might expect to find him at the bottom of the class. (3)



Solution to last puzzle

- | | | |
|---------------------|--------------------|-----------------|
| ACROSS | 24 Low | 4 Gate |
| 1 Putting it mildly | 25 Ruth | 5 Talk turkey |
| 9 Evict | 26 Andrew | 6 Impress |
| 10 Tulip | 28 Emu | 7 Disdain |
| 11 Sun | 29 Etude | 8 Yankees |
| 12 Eating | 30 Maori | 15 Out of touch |
| 13 Style | 31 Notwithstanding | 18 Holbein |
| 14 Ate | | 19 Lawsuit |
| 16 Dunce | DOWN | 20 Israeli |
| 17 Uprisings | 1 Prebend | 21 Sandman |
| 18 Hole-in-one | 2 Tristan | 22 Marconi |
| 21 Sumac | 3 Intense | 23 Cowling |
| | | 27 Seat (524) |

Puzzler

by J. A. H. Hunter

"WELL, WE'RE ALL SET to start," Ted declared. "Six hundred men altogether including foremen. They hail from three different provinces, so let's hope for no squabbling."

"Quite a crowd," Bill nodded. "They'll be divided up, though."

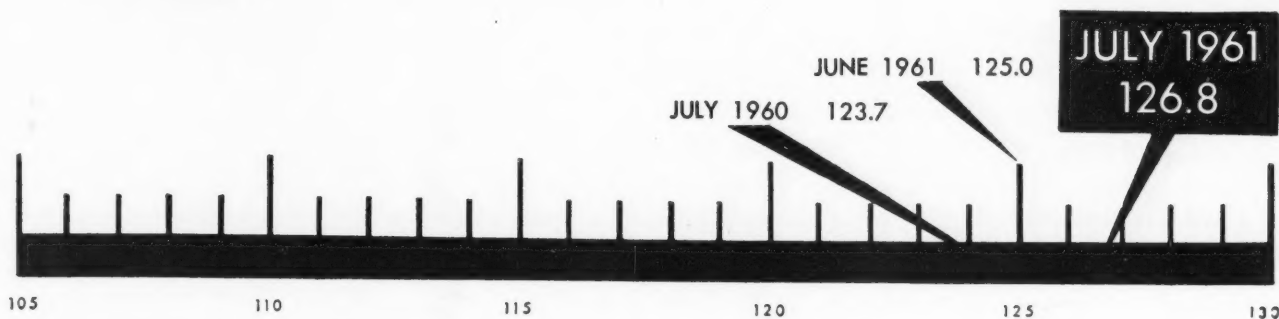
"Bet your life!" Ted laughed. "As far as possible, the men of each province are split up into sections of sixteen plus a foreman from that province to each section. Then all the remaining men are in two equal smaller sections, one all from Manitoba including the foreman, the other all Ontario men with a Quebec foreman."

"Sounds like the Army days," commented his friend. "Foremen for corporals."

"Not as bad as that," chuckled Ted. "But fortunately there are the same number of foremen from each of those three provinces."

How many men, and how many foremen came from each province then?

Answer on Page 36. (157)



Indicator Table	Unit	Latest Month	Previous Month	Year Ago
Index of Industrial Production SA	1949 = 100	170.0	164.7	166.8
Index of Manufacturing Production SA	1949 = 100	150.7	146.8	149.2
Retail Trade	\$ millions	1,359	1,316	1,432
Total Labor Income SA	\$ millions	1,576	1,570	1,532
Consumer Price Index	1949 = 100	129.0	129.1	127.4
Wholesale Price Index of Industrial Raw Materials	1935-39 = 100	244.1	241.7	243.2
Manufacturers' Inventories, Owned SA	\$ millions	4,227	4,242	4,240
Unfilled Orders in Manufacturing SA	\$ millions	2,005	2,000	2,153
Manufacturers' Shipments SA	\$ millions	1,918	1,854	1,902
Steel Ingot Production	'000 tons	554	545	489
Cheques Cashd, 51 Centres	\$ millions	24,906	22,180	22,754
Housing Starts in Municipalities of 5,000 and over—SA at annual rates	'000	90.7	110.2	73.5
Hours Worked in Manufacturing SA	per week	40.4	40.4	40.6
Index of Common Stock Prices	1935-39 = 100	316.0*	319.5*	251.0
Exports	\$ millions	438	372	440
Imports	\$ millions	438	462	477

SA = seasonally adjusted figures.

Most of latest month figures are preliminary ones.

*Latest available week, and like week, one month previous.

FOR SOME MONTHS we have been talking about the strengthening of the economy, even noting a slight upward push. This appears now to have been the prelude to a real move to higher ground. The SN Index gain is the first major one for a long, long time. This gain probably doesn't herald the start of similar jumps month after month from now on, but it does show that the small gains made during the past few months were not just flashes in the pan.

But just about the time this advance was confirmed, Ottawa released its Gross National Product figure for the first quarter of this year. It showed that, seasonally adjusted, we are below the final quarter of 1960. What happened?

The explanation is that there was a tremendous outflow of dividends from Canada during that first quarter. Apparently, worry over the effects of the Fleming baby budget of last December on tax changes on dividends going to non-residents caused many firms to withhold

payments at that time. Result, a slowdown in payments in the tag-end of 1960 and a large jump in such payments in the opening quarter of this year. Seasonal adjustments don't allow for this type of activity, especially in the short run.

The economy in Canada was not slowing down, really, over the turn of the year, except when you take in outflows and inflows of money. This, Gross National Product, does—and must to give a balanced view. Never trust a statistic unless you know its genealogy.

Mind you, we were not spurting ahead in the first quarter of this year. This we have already pointed out. In any case, the new figures we were talking about at the beginning belong to the second quarter of this year. No doubt, the second quarter GNP total, when issued, will tell a different story.

Our index of industrial production, seasonally adjusted, has now moved back into the area it occupied briefly in the first

quarter of 1960. The move up was pretty well across the board for the major sectors of industrial production, save in durable manufacturing.

There was an increase over the past few months. But durables still represent nothing to crow about. We have been above the current figure for durables several times in the last year and you can't say that about non-durables, mining, electric power and gas, save briefly for that latter group.

Our merchandise import-export balance continues good. For the first quarter of this year we had an import balance of \$22.5 million. This compares with \$34.7 million in the like period of 1960 and \$166.3 million at that same point in 1959. However, this is a world of great trade problems and swift changes, either way, could take place.

—by Maurice Hecht

(Saturday Night's Business Index is a compilation of statistical factors bearing, generally, on Canada's gross national product. It is designed to reflect pace of economic activity. The base 100 is drawn from 1955 data).

**Purchasers
and
Distributors
of
Government,
Municipal
and
Corporation
Securities**

**A. E. Ames & Co.
Limited**

Business Established 1889

TORONTO MONTREAL NEW YORK
LONDON, ENG. VANCOUVER VICTORIA
WINNIPEG CALGARY LONDON

**CANADIAN IMPERIAL
BANK OF COMMERCE**

Dividend No. 298

NOTICE is hereby given that a dividend at the rate of forty-five cents per fully-paid share on the outstanding Capital Stock of this Bank has been declared for the quarter ending July 31, 1961, payable at the Bank and its branches on August 1, 1961, to shareholders of record at the close of business on June 30, 1961.

By Order of the Board
J. P. R. Wadsworth,
General Manager

Toronto, June 8, 1961

VENTURES LIMITED

DIVIDEND NUMBER 48

NOTICE IS HEREBY GIVEN THAT a dividend of Twenty-Five Cents (25c) per share plus an extra dividend of Fifteen Cents (15c) per share has been declared by the Directors of Ventures Limited, payable in Canadian funds on July 27, 1961, to shareholders of record at the close of business on July 14, 1961.

By Order of the Board,
G. T. N. WOODROOFE,
Secretary.

Toronto, Canada.
June 26, 1961.

Gold & Dross

Noranda Outlook

After selling my Noranda near the top of last spring's advance, I was unable to buy it back as cheaply as I hoped, and would like your advice as to whether I should take it in at the market or hold off for a lower price.—F. D., Victoria.

Are you a trader or an investor? If you are a trader, we have little to tell you since our advice is on investment situations.

Noranda is a great Canadian company, but has not, in recent years, had as much impact on the market as might have been expected from its position. The company is in copper mining and metal making, in gold mining and in manufacturing.

It makes copper from concentrates produced at its own mines and those of subsidiary and associated companies, has two fabricating subsidiaries, Noranda Copper & Brass (now 100% owned) and Canada Wire and Cable, and is in the Kerr-Addison gold mine in a big way, in addition to a number of other gold mines.

An indication of the progress Noranda is making was the repayment to it last year by subsidiary and associated companies of \$14 million, and reduction of its own debts by \$18 million.

The company's future is largely tied to copper, and while we do not look for the boom copper prices of a few years ago, we think recent stronger prices may be typical. In the forefront of 1960, U.S. mines were back in production following prolonged strikes, while output elsewhere, bolstered by several new mines, was at peak levels. This called for world-wide production cutbacks but unfortunately most large producers failed to curtail output until late in the year when prices fell about 12%.

Despite lower purchases in the United States, world copper sales were higher in 1960 than in any previous year, largely as a result of the continuous increase in business activity in Europe. Growth of consumption overseas is evidenced by average daily deliveries to fabricators outside the United States, which increased by 33% in the last two years compared with a rise of only 8% in the U.S.

World copper production has exceeded consumption in recent months at the rate of 150,000 tons per year, in spite of curtailments of production and sales by leading producers, and a satisfactory growth of consumption is a distinct possibility. Some excess productive capacity is essential to provide assurance of supply, although the current situation calls for some restraint in production and sales.

Copper is still a vital industry, and Noranda is a going concern in the red metal. At recent levels the shares have appeal as a business man's or calculated-risk investment.

Dome Values

What is the outlook for Dome at depth? Do you think the stock is worth \$22 a share?—R. A., Vancouver.

Dome plans to sink a winze (or inside shaft) at its Porcupine mine to a depth of 1,000 feet below the present bottom horizon at 4,000 feet. This will make six new levels available for development. Results are not to be expected for several months since the shaft sinking is slated for the last half of the year.

Some fluctuation in Dome stock is to be expected but it does not seem unduly inflated considering the market as a whole. With just under two million shares issued, a substantial portion of the market capitalization reflects interests apart from the Porcupine Mine. The company controls Campbell Red Lake and Sigma gold mines.

Holding Companies

Why does Ventures stock sell for less than two-thirds of its breakup value, \$68.70 a share a few months ago? Will the company increase its earnings?—H. F., Ottawa.

About the only thing you could get a number of investment analysts to agree upon is that holding-company shares justifiably sell at a discount from indicated breakup value. The reasons aren't hard to find: (1) The market regards a company whose assets consist of shares in several other companies as a less desirable situation than an operating company; and (2) the market distinguishes between indicated and possible liquidating values.

Good
idea!

Let's
make
it a



PIMM'S party

Distinctively different! The original gin sling recipe. Simply pour 2 oz. over ice and add your favourite mixer.

PIMM'S

NO. 1 CUP NO. 5 CUP
GIN BASE RYE BASE



THE SHAWINIGAN WATER AND POWER COMPANY

The following dividends have been declared:

NO PAR VALUE
CLASS "A" COMMON SHARES
DIVIDEND NO. 18

Thirty three and one third cents (33 1/3c) per share payable August 15, 1961 to shareholders of record, July 19, 1961.

NO PAR VALUE
COMMON SHARES
DIVIDEND NO. 216

Twenty cents (20c) per share for the quarter ending June 30, 1961 payable August 25, 1961 to shareholders of record, July 14, 1961.

R. R. MERIFIELD,
Secretary.

Montreal, June 20, 1961.

The market says, in effect, that if a holding company has a substantial interest in an operating company, the latter's shares have been made artificially scarce, and its market price is not as representative as if the interest enjoyed wide distribution. A good example of this reasoning was provided by the recent action of General Motors stock, of which Dupont holds 25%.

When the U.S. government indicated that Dupont would have to divest itself of the GM interest, GM stock sold off \$2 or \$3 in one session of the market. It had formerly commanded a price which assumed that the Dupont holding would stand pat.

The outlook is for Ventures earnings in 1961 to equal 1960's record level of \$1.10 a share, and they might even be more. Income is largely derived from holdings in subsidiary and associated companies, and in some cases holdings are larger now than last year. Ventures 1960 income totalled \$4 million or almost \$1.45 a share, and on the basis of last year's receipts is estimated at \$1.65 a share for 1961. The major interest is in Falconbridge Nickel Mines.

CPR Future

Can you still recommend Canadian Pacific Railway stock? Is the dividend safe? — L. S., Montreal.

We would still consider CPR attractive for speculative investment despite continuing doubts as to the \$1.50 dividend, but this we think is taken into consideration by the market. Net for 1960 was \$1.81 a share, and the outlook is for no improvement in 1961.

Net earnings for the first quarter of this year were \$5 million, a decline of \$1.7 million from the like period of 1960, as a result of the continued downward trend in railway revenues. It is, however, expected that the decline in earnings for the 12 months will not exceed the figure already reported for the first quarter.

Otherwise, results for the year may reflect recent wage settlements with non-operating employees, and possible implementation of the recommendations of the MacPherson Royal Commission on transportation. These include compensation to the railways for the loss incurred in moving western export grain and in providing free transportation; also treasury payments for uneconomic passenger service and light-density branch lines.

The airline subsidiary dropped \$4.7 million in 1960, but government air policy is now under review, and granting of an expanded route pattern could brighten the subsidiary's outlook. Right



Profitable investments begin with research

The first step in making a sound investment is to investigate thoroughly all the facts. The industry, then the company—its management, financial history, current progress, and future prospects—should all be studied.

Dominion Securities has a competent research staff constantly engaged in searching out the facts. For this service, just write or telephone...

DOMINION SECURITIES CORPORATION LIMITED

Established 1901

TORONTO • MONTREAL • WINNIPEG
VANCOUVER • NEW YORK • LONDON, ENGLAND



THE SHAWINIGAN WATER AND POWER COMPANY

A dividend of fifty cents (50c) per share on the Series "A" 4% cumulative Redeemable Preferred Shares and a dividend of fifty-six and one quarter cents (56 1/4c) on the Series "B" 4% Cumulative Redeemable Preferred Shares of the Company have been declared for the quarter ending September 30, 1961 payable October 2, 1961 to shareholders of record September 1, 1961.

R. R. MERIFIELD,
Secretary.

Montreal, June 20, 1961.

2 1/2 ACRES
IN
FLORIDA'S
LAST
INVESTMENT
FRONTIER
only
\$395!

Why are prices so low?
Why is profit potential so great?

Because — Collier County Acreage is undeveloped, virgin land in its natural state and not usable until roads and canals are constructed! Just 44 mi. West of Miami and 9 mi. North of Tamiami Trail, this acreage is available to you in 2 1/2 acre tracts. For a short time only \$395 per tract. Take advantage of this excellent speculative investment opportunity! \$1 Down, \$10 Monthly!

Send Your \$1 Deposit TODAY to
MIAMI INVESTMENT COMPANY Dept. SN 1
1200 S.W. 1st St., Miami, Florida

AD 61117 (M-4)

CANADIAN PACIFIC RAILWAY COMPANY

Dividend Notice

At a meeting of the Board of Directors held today a dividend of seventy-five cents per share on the Ordinary Capital Stock was declared in respect of the year 1961, payable in Canadian funds on August 1, 1961, to shareholders of record at 3.30 p.m. on June 23, 1961.

By order of the Board.

T. F. Turner,
Secretary.

Montreal, June 12, 1961.

NOTICE OF DIVIDEND No. 51

UNITED GRAIN GROWERS LIMITED

CLASS "A" SHARES

Notice is hereby given that the Board of Directors has declared a dividend at the rate of 5% on the paid-up par value of Class "A" (Preferred) Shares (par value \$20.00 each).

This dividend will be paid on or about September 1st, 1961, to shareholders of such shares of record at the close of business on Monday, July 31st, 1961.

By order of the Board.

D. G. MILLER,
Secretary.

July 4, 1961,
Winnipeg, Manitoba.

Clarkson, Gordon & Co.

CHARTERED ACCOUNTANTS

Montreal • Toronto • Hamilton • London • Windsor
Winnipeg • Regina • Calgary • Edmonton • Vancouver

Saturday Night

Forum for CANADIAN Thought

In this era of swift-moving events, Canadians must be well-informed. They must fully understand the problems facing the nation and the world.

Saturday Night, with expert and thorough analysis of business and contemporary affairs, brings to Canadians a much-needed Canadian viewpoint.

As a Canadian concerned with Canada's future, you cannot afford to miss an issue of Saturday Night. Have it delivered to your home, fortnightly.

one year

\$4.00

two years

\$6.00

three years

\$8.00

Clip and Mail This Coupon Today

Saturday Night

73 Richmond St. W., Toronto

Gentlemen:

Please send me Saturday Night for year(s).

I enclose \$ (or ☐ bill me later)

Name

Address

City/Town Prov.

Canada's Magazine of Business and Contemporary Affairs

now CPA has no traffic rights in the U.K. or U.S., and is limited to one flight daily each way on the Vancouver-Montreal route.

CPR is also in hotels, steamships and mines, the latter via control of Consolidated Mining and Smelting.

Int. Utilities

I am puzzled as to how Int. Utilities, whose convertible \$2 preferred stock you recommended at the relatively low prices of several months ago, is able to arrive at a figure of 98 cents a common share net earnings for the March quarter. Can you clear this up? And why did the earnings dip from the first three months of 1960?—C. H., Toronto.

Net income of Inter. Utilities, including \$61,056 investment profits, for the March quarter was \$2,625,885. Since there are outstanding 405,000 shares of \$2 convertible preferred, for which the dividend requirement for the three months was \$202,500, a balance of \$2,423,385 was applicable to 2,464,931 shares of common, or 98 cents a share.

If the preferred had been converted there would have been outstanding 2,869,931 shares of common to which earnings of \$2,625,885 would have been applicable, the equivalent of 91 cents a share.

Net for the March 31, 1960 quarter was \$2,943,269, the drop in the like period of 1961 reflecting gas sales estimated at about \$1,210,000 below normal for the period. It should, however, be noted that sales for the three months ended March 31, 1960 had been estimated as \$207,000 below normal.

Sales for the 12 months ended March 31, 1961, were estimated as \$1,444,000 below normal but, notwithstanding this, net income was \$6,195,603, or \$2.18 a common share, and was after charging \$3,614,902 to depreciation and amortization.

The \$2 convertible preferred owes its appreciation in value to the increased price of the common, plus the attractive yield it affords, letting the owner of the stock ride two horses at once.

Steel of Canada

How does Steel of Canada propose to spend the money raised through its recent stock offering to shareholders?—A. P., Montreal.

Stelco shareholders were offered additional stock through a "rights" issue on the basis of one new share at \$52 for each six shares held. The offer, which was not open to U.S. residents, expired on July 4th.

If all rights were exercised under the

ffer, Stelco would receive approximately \$37.6 million. Outstanding capital would be increased by about 723,56 shares to 5,061,394. Planned capital program in 1961 will bring to more than \$200 million the amount expended since 1957 to expand and improve steel-making facilities.

Stelco has recently announced additional expenditures of about \$25 million for this year, chiefly in the flat rolled products division. With the \$28 million previously estimated as required to complete approved capital projects, the 1961 program will total \$53 million, only slightly below last year's record \$53.3 million. Recent addition of a new 400-ton open hearth furnace brings Stelco's annual steel-making capacity to three million tons versus 2-2.5 million tons in 1956.

Steel men look for the next few years to turn up more advances and innovations probably than in any comparable period in the steel industry's history. Promising developments for the future include the beneficiation and direct reduction of iron ore, use of natural gas or oil as a substitute for coke in the blast furnaces and the use of oxygen to increase the productivity of both iron and steel-making furnaces.

Stelco officials look for a series of major capital expenditures over the next few years to keep abreast of advancing technology.

In Brief

Why is Dominion Magnesium increasing its capacity? — A. T., Kitchener.

Resultant lower unit costs will help competitive position in world markets.

What proportion of Canadian corporate dividends does mining account for? — M. H., Cornwall.

About 20%. Mining includes metal-making.

Do you regard the Cuban-Russian nickel deal as a threat to Canada? — D. B., Toronto.

Don't take it too seriously.

How long will it be before Bethlehem Copper gets out of debt? — B. F., Lethbridge.

May be off the hook by late 1965.

What's the position and outlook of Lake Dufault Mines? — K. P., Montreal.

Waiting for opportunity with strong bankroll: \$1.5 million.

Is Dominion Foundries & Steel in iron ore yet? — S. F., Chatham.

Recently arranged participation in Wabush project in Newfoundland.

The world's largest annual exhibition opens earlier this year

**AUGUST 18
to Labour Day
SEPTEMBER 4**



CANADIAN NATIONAL EXHIBITION TORONTO

It's the "Show Window of Canada." See the newest industrial and manufactured products on display . . . agriculture, science, the arts, crafts and hobbies, and Canada's natural resources.

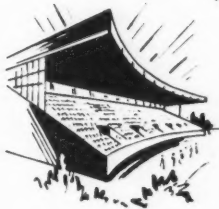
There's music, entertainment and sports for everyone.

EVENING GRANDSTAND SHOW "THE GLORY OF CANADA"

A dazzling spectacular with a live cast of 500. Produced by Jack Arthur, featuring the Royal Canadian Mounted Police in their internationally famous Musical Ride.

Showtime
8:15 p.m.—
August 18 to
Sept. 2

GIGANTIC FIREWORKS DISPLAY



**WIN A NEW
CHEVROLET
Bel-Air Sedan
14 FREE CARS
one each night
at the Grandstand**



SEE MEDISCOPE DAILY

Learn from doctors themselves how your heart and body work—the complete story of medicine with models of the human body. Two buildings house this great exhibit under the auspices of the Ontario Medical Association.

QUEEN'S LITTLE HOUSE See exact replica of "Royal Cottage" where two little Princesses once played. Situated in centre of Outdoor Flower Show.

MAMMOTH SHRINE CIRCUS

AT THE AFTERNOON GRANDSTAND SHOW, AUG. 21 to SEPT. 2. Clowns, aerialists, animals, top acts from all over the world in this famed three ring circus.

**WRITE NOW
FOR ADVANCE TICKET ORDER FORM**

MIRROR ON THE WORLD OF WOMEN

Fashions, furs, furnishings, cooking schools, arts, crafts all await you in the ultra-modern Queen Elizabeth Building and theatre.

MEN O' BRASS famed band from England entertains every afternoon and evening on the bandshell.

CANADIAN NATIONAL EXHIBITION • TORONTO, CANADA

FRI., AUG. 18TH TO LABOR DAY SEPT. 4TH

W. P. Freyseng, *President*

Hiram E. McCallum, *General Manager*

Point of View

Social Credit Has No Social Conscience

by Ernest Watkins

"THE SOCIAL CREDIT movement has become the residual conscience of conservatism in Canada". So wrote John A. Irving in a recent issue. [SN July 9]

Rarely can so arrant a piece of nonsense have been published in this, or any other, paper. Social Credit would not recognise a political conscience if it met one walking down the street.

Social Credit, as a political theory and as a party with a claim to a political conscience, died in the late 'thirties, when William Aberhart, as Premier of Alberta, discovered that the constitution of Canada would not allow him to make monetary experiments within a single province.

Thereafter he surrendered his mission of monetary reform for the delights of office. Since then the Social Credit movement has been no more and no less than a provincial party machine, one having considerable resemblances to that in operation in New York under the name of Tammany Hall.

To do the utmost justice to the movement—and justice is what it deserves—I will assume that Professor Irving when he used those words had not in mind the ersatz variety of Social Credit in power in British Columbia. That unholy alliance of a Canadian, (Premier Bennett), a Swede, (Wenner-Gren), and the British BC Electric, which must do what it is told or face expropriation, has never, so far as I know, been held up as the shining example of the best in the Social Credit movement. The party in Alberta has, and it should be examined in the face of that claim.

The reference to Tammany Hall was not intended to imply that Social Credit in Alberta is totally corrupt in the pecuniary sense. It is not. The resemblance lies elsewhere.

Tammany Hall is a machine by which men interested in securing personal political power win and retain it. In exchange, they supply administration, and nothing else. They have no desire for change. They have no wish to use their power in the service of any large objective. They have no



Premier Manning: Licenses needed.

vision and no imagination. As a result, they have no political conscience.

A political conscience is that which tells a politician when and how he is failing in the achievement of his political visions. It is the yardstick for the measurement of his hopes and dreams for his country or his province. If his vision is limited to the winning of a majority of ridings for himself and his colleagues at the next election, then clearly possession of a political conscience would only be a source of embarrassment.

These are sweeping statements. Let me illustrate their truth by three examples from the last session of the Alberta Provincial legislature.

First, trading stamps: Premier Manning and his government are for free enterprise and against statism and governmental control. Yet virtually every major trade and occupation in Alberta needs a government licence to operate, and the statute under which they may receive that licence empowers the government to regulate not

only business methods but also business "ethics".

The Alberta Minister of Industry is against trading stamps, and this last session he introduced a Bill to strengthen his powers to make regulations controlling business methods and "ethics", defending its sweeping character on the ground that it was needed to outlaw the trading stamp gimmick in Alberta. And yet, when challenged to equate that Bill with a belief in free enterprise, he became most indignant.

One may be for or against trading stamps, but I defy anyone with a political conscience to square belief in free enterprise with complete government powers of control over any aspect of business enterprise of which the government disapproves.

Second, denturists; for the benefit of those who do not live in Alberta, a "denturist" is a dental mechanic who wishes to fit and sell dentures direct to the public. Until this last session, this had been illegal in Alberta, but some dental mechanics had ignored that fact (as had many of the public who dealt with them). This last session, the Alberta Minister of Health introduced Bills which would have allowed dental mechanics to deal direct with the public for the repair of dentures, but nothing else.

A Social Credit back benchner introduced a Bill intended to allow dental mechanics to deal direct with the public over the supply of full upper and lower plates. The dentists were bitterly opposed to that, and so was the Minister of Health. He said it was not in the best interests of public health to allow dental mechanics this freedom in the field of oral treatment.

Half the Cabinet, including Premier Manning, apparently agreed with him and voted against this private member's Bill. The rest of the Cabinet voted for it, and so did a majority of the back benchers on the Social Credit side of the Assembly.

The dentists in opposition may or may not have been right, but again I defy anyone with a political conscience (and some respect of the collective

ANSWER TO PUZZLER

Ontario — 202 and 12
Manitoba — 186 and 12
Quebec — 176 and 12

responsibility of Cabinets) to square a vote for the denturists' measure with continued confidence in the judgment of their own party's Minister of Health within his own field of political responsibility.

Finally, education: This is a long story in Alberta (as elsewhere) and I will not attempt to recite it all. Bear in mind that the Alberta Provincial Government, over the last fourteen years, has drawn no less than \$1,200,000,000 in revenue from oil and natural gas. At one period it felt it could afford to give away over two years some \$17,500,000 in dollar bills to anyone who swore he was an Alberta resident of ten years standing; that was the Social Credit "dividend".

Today Alberta is a province that could afford to pay from provincial revenues the whole cost of education and still provide a better standard in other services than can many other provinces. But no. Elementary and secondary education gets from the provincial treasury rather less in the year than does the Highways Department.

This year, there was to be a change, the establishment of an educational Foundation Fund and, so it was said, the limiting of the cost of education to the individual property owner to a 32 mill rate. But for Social Credit, education must still remain a political football. On the government's own formula for this year, its contribution on this account to the two major cities was not quite enough even to match the contribution it had made the previous year, so the cities had to go cap in hand to the government for a little more money.

A little more money has been given, but only for this one year. For next year there is still uncertainty, and that uncertainty will doubtless continue until this time next year. After all, why give a dependent a set allowance (and the freedom that would go with it) when you can behave like Santa Claus and give him a nice bonus at Christmas? Doesn't the occasional and irregular bonus get the better Press?

Once more, I defy anyone with a political conscience to square that method of handling educational finance with the desperate importance of the whole subject.

Of all parties in Canada, the Social Credit Party of Alberta is most deeply committed to the Welfare State. For one thing, it has had more money than any other province to spend on at least some aspects of public welfare, and hasn't it (in consequence?) managed to stay in office for almost twenty six years?

If that party holds the residual conscience of conservatism in this country, then I am an anarchist.



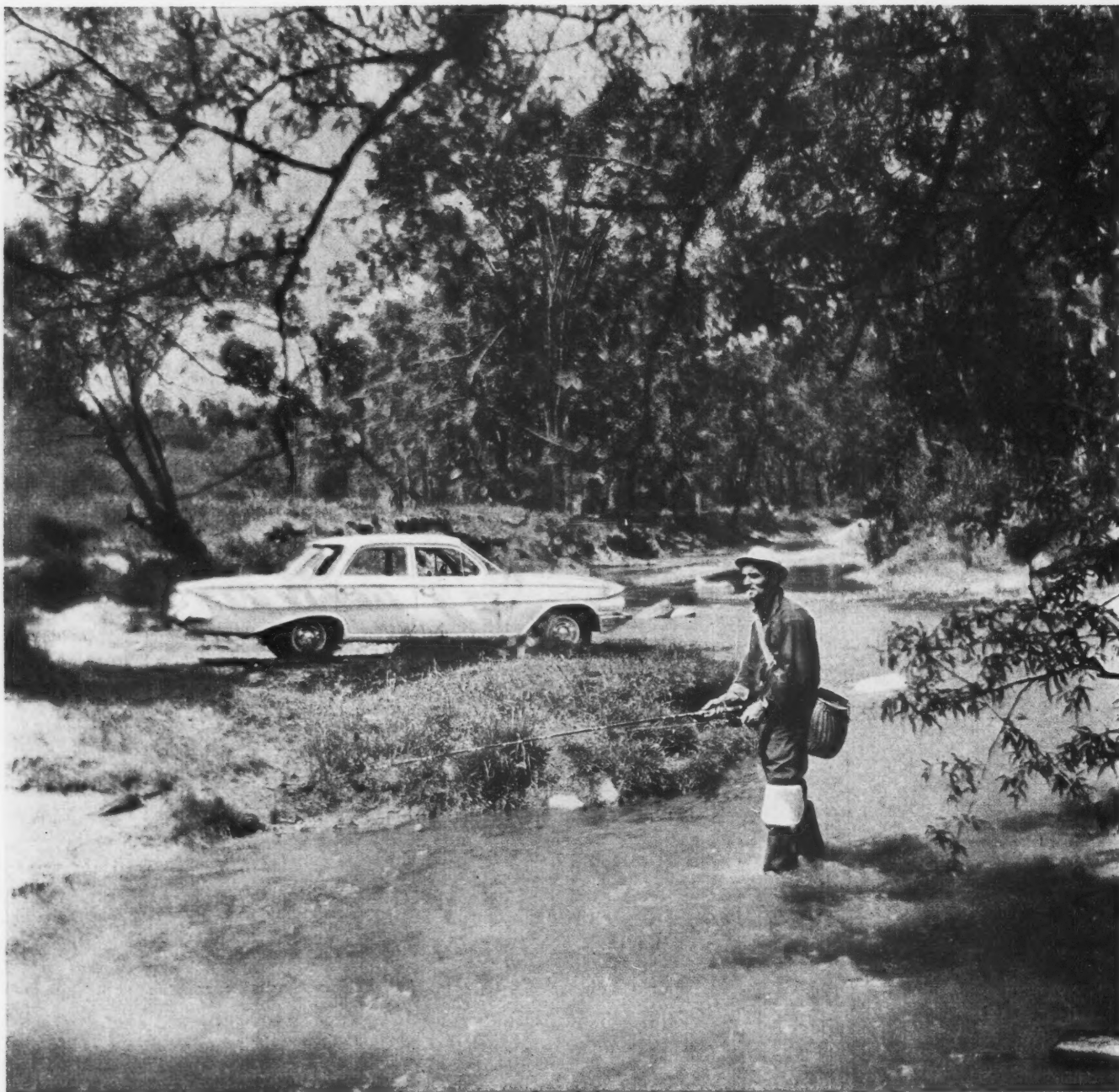
Portrait of Progress

IMPERIAL OIL BUILDING, VANCOUVER . . .
Architect: H. N. Semmens & Associates. General Contractor: Dominion Construction Co. Ltd. Aluminum Wall Contractor: Canadian Pittsburgh Industries Ltd. Aluminum Wall Sub-Contractor: Vampco Aluminum Products Ltd.

The bold classic look in today's architecture is dramatically expressed in buildings like this by the extensive use of Alcan Aluminum. The outside walls, windows, entrance and other elements of the building are made from aluminum — the architectural metal that combines beauty with utility.

ALUMINUM COMPANY OF CANADA, LIMITED
An Aluminium Limited Company





The man that got away

When George Martin goes fishing he gets away from his worries. He forgets about missiles, taxes and the other problems that are a part of daily living.

The only part of his daily living that George brought with him today is his car. And that is no worry. It was made by General Motors and, like millions of other Canadians, George takes GM quality for granted. Today, let the fish and General Motors do the worrying.

At GM, quality is made up of many things. It's our

careful training of people, the constant checking of materials, workmanship and product performance. It's the innumerable research projects, the pioneering of new designs and engineering methods. And more.

General Motors quality is a real thing. It shows up in every one of our products . . . in our cars, trucks and buses, Frigidaire appliances, Diesel locomotives. Day in and day out *you* can take General Motors quality for granted because *we* don't.

GENERAL MOTORS IN CANADA

General Motors of Canada, Limited
Oshawa and Windsor

The McKinnon Industries, Limited
St. Catharines

Frigidaire Products of Canada Limited
Scarborough

General Motors Diesel Limited
London

NO 16

king of
mance.
neering
l more.
ows up
ks and
s. Day
quality

Limited